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The information contained in this Offering Memorandum has been obtained from the City and other sources that are deemed reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information.

**PROSPECTIVE PURCHASERS OF THE SERIES A-B NOTES SHOULD CONDUCT THEIR OWN REVIEW AND ANALYSIS BEFORE MAKING AN INVESTMENT DECISION. IN MAKING SUCH DECISION, PROSPECTIVE PURCHASERS OF THE SERIES A-B NOTES SHOULD RELY SOLELY ON THE CREDIT OF THE BANK ISSUING THE SERIES A-B SUBORDINATE CREDIT FACILITY DESCRIBED HEREIN AND NOT ON THE CREDIT OF THE CITY OR THE DEPARTMENT.**

The descriptions of the documents, statutes and 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 and other instrument. Copies of the documents summarized herein may be obtained from the City, the Department or the Dealer specified on the cover page hereof.

The order and placement of materials in this Offering Memorandum, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Offering Memorandum, including the appendices, must be considered in its entirety. The captions and headings in this Offering Memorandum 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 Offering Memorandum. The offering of the Series A-B Notes is made only by means of this entire Offering Memorandum.

The information herein is subject to change without notice, and neither the delivery of this Offering Memorandum nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the matters referred to in this Offering Memorandum since the date hereof. So far as any statements made in this Offering Memorandum 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 Offering Memorandum may contain 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 Offering Memorandum, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” 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.

This Offering Memorandum is submitted in connection with the issuance and sale of the Series A-B Notes 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 commission has approved or disapproved of the Series A-B Notes or passed upon the adequacy or accuracy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

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# OFFERING MEMORANDUM

## RELATING TO

### **CITY AND COUNTY OF DENVER, COLORADO**

FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

### **AIRPORT SYSTEM SUBORDINATE COMMERCIAL PAPER NOTES**

**SERIES A (AMT)**

**SERIES B (TAXABLE)**

## INTRODUCTION

This Offering Memorandum, including the cover page, prefatory information and the appendices, furnishes information in connection with the issuance and sale by the City and County of Denver, Colorado (the “City”), for and on behalf of its Department of Aviation (the “Department”), of its Airport System Subordinate Commercial Paper Notes, Series A (the “Series A Notes”), and its Airport System Subordinate Commercial Paper Notes, Series B (the “Series B Notes”), referred to herein collectively as the “Series A-B Notes” and individually as a “Series.”

**PROSPECTIVE PURCHASERS OF THE SERIES A-B NOTES SHOULD CONDUCT THEIR OWN REVIEW AND ANALYSIS BEFORE MAKING AN INVESTMENT DECISION. IN MAKING SUCH DECISION, PROSPECTIVE PURCHASERS OF THE SERIES A-B NOTES SHOULD RELY SOLELY ON THE CREDIT OF THE BANK ISSUING THE SERIES A-B SUBORDINATE CREDIT FACILITY DESCRIBED HEREIN AND NOT ON THE CREDIT OF THE CITY OR THE DEPARTMENT.**

## THE ISSUER

The City is a municipal corporation and political subdivision of the State of Colorado (the “State”), duly organized and existing as a home rule city under the State constitution and the City’s home rule charter (the “City Charter”). 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 under the direction of the Manager of the Department of Aviation (the “Manager of Aviation”). 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, without prior voter approval. The Airport System is operated by the Department as a self-sustaining business activity. The Department is not authorized to levy any taxes. The Series A-B Notes are being issued by the City, for and on behalf of the Department. The covenants and undertakings of the City with respect to the Series A-B Notes are covenants and undertakings of the City, for and on behalf of the Department.

The City assumes no responsibility for and makes no representations or warranties as to the matters contained in any part of this Offering Memorandum except for the information set forth under the captions “THE ISSUER,” “DENVER INTERNATIONAL AIRPORT” and “THE SERIES A-B NOTES – Authorization – Purpose – Security and Sources of Payment.”

## DENVER INTERNATIONAL AIRPORT

### General

The primary asset of the Airport System is Denver International Airport (the "Airport"), which is the primary air carrier airport for the Denver air service region. Currently, 26 passenger airlines provide scheduled service at the Airport, including the ten largest U.S. passenger airlines (based on scheduled enplaned passengers), four foreign flag passenger airlines and several regional/commuter airlines. In addition, several passenger charter airlines and all-cargo airlines provide service at the Airport. In 2009, the Airport served approximately 25.1 million enplaned passengers (passengers embarking on airplanes), the highest number in the history of the Airport and the former Stapleton International Airport. Enplanement statistics through December 2010 are not yet available. Approximately 54.3% of the passengers enplaned in 2009 were passengers originating their travel at the Airport, and 45.7% were passengers making connecting flights at the Airport. According to statistics compiled by Airports Council International for 2009, the Airport was ranked as the 5<sup>th</sup> busiest airport in the nation and the 10<sup>th</sup> busiest airport in the world based on total passengers in 2009.

### Major Air Carriers Operating at the Airport

United Airlines ("United"), one of the world's largest airlines, is the principal air carrier operating at the Airport. The Airport is a primary connecting hub in United's route system both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.). Under a Use and Lease Agreement with the City, United currently leases 35 of the existing 92 full service gates at the Airport, as well as a 16-gate regional jet facility on Concourse B. The "United Group," consisting of United, its discontinued low-fare Ted brand and its United Express commuter affiliates, accounted for approximately 48.2% and 46.2% of passenger enplanements at the Airport in 2008 and 2009, respectively. In addition, the United Group accounted for approximately 54.2% and 53.2% of the airline rentals, fees and charges component of the Airport System's operating revenues in 2008 and 2009, respectively. Corresponding figures for 2010 are not yet available.

On October 1, 2010, United Continental Holdings, Inc. (formerly known as UAL Corporation), the parent company of United, announced the completed merger of United and Continental Airlines ("Continental") and expectations for fully integrating United and Continental within twelve to 18 months. Continental currently leases three gates on Concourse B and accounted for approximately 2.0% of passenger enplanements at the Airport in 2008 and in 2009. Corresponding figures for 2010 are not yet available.

Frontier Airlines ("Frontier") has the second largest market share at the Airport, which serves as Frontier's busiest hub and, until integration with Midwest Airlines as described below, was Frontier's only hub. Frontier expanded its hubbing operations at the Airport by introducing Lynx, a new Frontier subsidiary, which is serving smaller airports in the region. Lynx commenced operations at the Airport in December 2007 with ten 74-seat capacity Bombardier Q400 turboprop aircraft. Under a Use and Lease Agreement with the City, Frontier currently leases 18 gates at the Airport. The "Frontier Group," consisting of Frontier and Lynx, accounted for approximately 25.5% and 23.0% of passenger enplanements at the Airport in 2008 and 2009, respectively. In addition, the Frontier Group accounted for approximately 14.7% and 14.3% of the airline rentals, fees and charges component of the Airport System's operating revenues in 2008 and 2009, respectively. Figures for 2010 are not available yet. Frontier Airlines Holdings Inc., the parent company of Frontier, and Lynx Aviation Inc., the parent company of Lynx, emerged from bankruptcy on October 1, 2009, as a subsidiary of Republic Airways Holdings, Inc. ("Republic Holdings"). Republic Holdings has announced that the operations of Midwest Airlines, a subsidiary of Republic Holdings, will be fully integrated with the operations of the Frontier Group by December 31, 2011.

Southwest Airlines (“Southwest”), which commenced service at the Airport in January 2006, has the third largest market share at the Airport and has experienced strong and continued growth in airline service at the Airport. When Southwest commenced service at the Airport, it served ten cities from Denver, compared to the 45 cities to which it currently provides nonstop service from Denver. Southwest currently leases 17 gates at the Airport and accounted for approximately 9.3% and 14.4% of passenger enplanements at the Airport in 2008 and 2009, respectively. In addition, Southwest accounted for approximately 6.9% and 10.1% of the airline rentals, fees and charges component of the Airport System’s operating revenues in 2008 and 2009, respectively. Figures for 2010 are not yet available.

Except for the United Group, the Frontier Group and Southwest, no single airline accounted for more than 5% of passenger enplanements at the Airport or more than 5% of either the airline rentals, fees and charges component of the Airport System’s operating revenues or the Airport System’s Gross Revenues in 2008 or 2009.

### Passenger and Revenue Growth

Since the Airport opened in 1995 and prior to 2009, with the exception of 2001 and 2002, the Airport has generally experienced continued growth in both passenger traffic and associated revenues. In 2009, however, the Airport experienced significant declines in passenger traffic and associated revenues. Several factors, including (1) the global and national economic recession that began in late 2007, (2) weakened demand for air travel and (3) reduced airline passenger capacity, negatively impacted levels of passenger traffic and associated revenues at the Airport in 2008 and 2009. The following table sets forth the history of enplaned passengers for the Airport.

<u>Year</u>	<u>Enplaned Passengers (millions)</u>	<u>Percent Change</u>	<u>Year</u>	<u>Enplaned Passengers (millions)</u>	<u>Percent Change</u>
1995	15.62	--	2003	18.76	5.2%
1996	16.18	3.6%	2004	21.14	12.7
1997	17.53	8.4	2005	21.70	2.6
1998	18.44	5.2	2006	23.67	9.1
1999	19.03	3.2	2007	24.94	5.4
2000	19.39	1.9	2008	25.65	2.8
2001	18.05	(6.9)	2009	25.13	(2.0)
2002	17.83	(1.2)			

The number of enplaned passengers at the Airport increased 3.9% through November 2010 compared to the same period in 2009. Enplanement statistics through December 2010 are not yet available.

Operating revenues at the Airport, consisting of facility rentals, concession revenues, parking income, car rentals, landing fees, aviation fuel tax and other sales and charges, have shown continual growth since the downturns in 2001 and 2002, largely as the result of increases in passenger traffic. The following table sets forth the history of operating revenues for the Airport since 2005. Operating revenues at the Airport for 2010 are not yet available.

<u>Year</u>	<u>Operating Revenues (thousands)</u>	<u>Percent Change</u>
2005	\$497,741	--
2006	508,307	2.1%
2007	530,151	4.3
2008	540,760	2.0
2009	564,490	4.4

As operations at the Airport increased, operating costs at the Airport also increased, although not to the same extent, resulting in a decline in the cost per enplaned passenger at the Airport from \$15.20 in 2002 to \$12.72 in 2009. The cost per enplaned passenger for 2010 is not yet available.

### **Factors Affecting the Airport**

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

### **Additional Information**

Additional information regarding the Airport System may be requested from Patrick Heck, Deputy Manager of Aviation/Finance and Administration, at (303) 342-2207, or may be obtained from the annual disclosures filed by the City with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system.

## **THE SERIES A-B NOTES**

The Series A Notes and the Series B Notes contain substantially the same provisions. See, however, "TAX MATTERS." The following is a summary of certain provisions of the Series A-B Notes during such time as the Series A-B Notes are subject to a book-entry only system. Reference is hereby made to the Authorizing Documents (defined below) in their entirety for the detailed provisions pertaining to the Series A-B Notes, including provisions applicable upon discontinuance of participation in a book-entry only system. Unless otherwise specified herein, reference in the following summary to the Series A-B Notes means both the Series A Notes and the Series B Notes, and references to documents and defined terms mean such documents and defined terms as they relate to each Series of the Series A-B Notes.

### **Authorization**

Pursuant to the State constitution and the City Charter, the City, on its own behalf or for and on behalf of the Department, may issue bonds or other obligations to defray the cost of acquiring, improving and equipping municipal airport facilities payable solely from the net revenues of the Airport System (the "Net Revenues"). Such bonds or other obligations 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 an authorization by referendum.

The Series A-B Notes are issued by authority of the City Charter and the 1997 Airport System Subordinate Bond Ordinance approved by the Denver City Council (the "City Council") on August 25, 1997, as amended and supplemented by a separate Airport System Supplemental Subordinate Bond Ordinance for each series of bonds and other obligations previously issued thereunder, and as further amended and supplemented by the Series A-B Airport System Subordinate Commercial Paper Ordinance (the "Series A-B Supplemental Ordinance") approved by the City Council on July 7, 2003. Such ordinances, as amended or supplemented after adoption of the Series A-B Supplemental Ordinance, are referred to herein collectively as the "Subordinate Bond Ordinance."

The Series A-B Notes are issuable from time to time pursuant to the Subordinate Bond Ordinance and the Issuing and Paying Agency Agreement dated as of January 1, 2011 (the “Issuing and Paying Agency Agreement”), entered into by and between the City, for and on behalf of the Department, and Zions First National Bank, as issuing and paying agent (the “Issuing and Paying Agent”). The Subordinate Bond Ordinance and the Issuing and Paying Agency Agreement are referred to herein collectively as the “Authorizing Documents.” The Authorizing Documents permit the City to issue the Series A-B Notes in an aggregate principal amount of \$300 million; *provided* that the aggregate principal amount of Series A-B Notes that may be outstanding at any time (the “Maximum Amount”) may not exceed the amount that, together with the interest (including accreted amounts due in respect of any Series B Notes issued at a discount being considered interest for such purposes) due thereon to the stated maturity date (the “Stated Maturity”) of each outstanding Series A-B Note, exceeds the amount available to be drawn (the “Stated Amount”) on the credit facility securing the Series A-B Notes (the “Series A-B Subordinate Credit Facility”). The initial Stated Amount of the current Series A-B Subordinate Credit Facility is \$135,574,795 (which may secure up to an aggregate of \$128 million in principal amount of Series A-B Notes), subject to modification from time to time as provided therein. See “Security and Sources of Payment – *The Series A-B Subordinate Credit Facility*” below, “THE SERIES A-B SUBORDINATE CREDIT FACILITY” and “THE ISSUING AND PAYING AGENCY AGREEMENT.”

Under the Authorizing Documents, the City may issue Series A-B Notes from time to time in any combination of Series A Notes and Series B Notes so long as the aggregate principal amount of Series A-B Notes outstanding does not exceed the Maximum Amount. See also “THE SERIES A-B SUBORDINATE CREDIT FACILITY – The Current Series A-B Subordinate Credit Facility.”

### **Purpose**

Proceeds of the Series A-B Notes may be used to fund the costs of acquiring, improving and equipping facilities for the Airport, to refund or pay certain Airport System obligations and for such other lawful undertakings determined by the Manager of Aviation to be of benefit to the Airport System (collectively, the “Approved Projects”). The City may amend the descriptions of the Approved Projects at any time or from time to time by filing with the Issuing and Paying Agent a copy of an amendment to the Issuing and Paying Agency Agreement accompanied, in the case of any amendment to the Approved Projects for the Series A Notes, by an opinion of a firm of nationally recognized bond counsel experienced in matters relating to tax-exempt financing acceptable to the City (“Bond Counsel”) to the effect that such amendment will not cause the interest on the Series A Notes to be included in gross income for federal income tax purposes. See “THE ISSUING AND PAYING AGENCY AGREEMENT – Amendments” and “TAX MATTERS.”

### **General Provisions**

The Series A-B Notes may be issued from time to time pursuant to a request and authorization satisfying the requirements of the Issuing and Paying Agency Agreement submitted to the Issuing and Paying Agent by the Treasurer, the Director of Financial Management, the Debt Administrator of the City or any other representative of the City designated by ordinance to direct the Issuing and Paying Agent under the Issuing and Paying Agency Agreement (a “City Representative”), or under certain circumstances by Barclays Capital Inc. (the “Dealer”) with the consent of the City.

The Series A-B Notes will be dated the date of their respective authentication and issuance, will be issued in book-entry form only in minimum denominations of \$100,000 and additional increments of \$1,000 (“Authorized Denominations”), will bear interest at stated interest rates per annum, not to exceed an effective rate of 12% per annum (the “Maximum Rate”), unless the City establishes a different

Maximum Rate by delivery of a supplemental ordinance, and will not be subject to redemption prior to their Stated Maturity at the option of the City.

Unless otherwise provided in a supplement to the Issuing and Paying Agency Agreement amending the following terms, each Series A-B Note will: (1) have a Stated Maturity that is not less than one day nor more than 180 days (the “Maximum Term”) after its issue date, but prior to July 1, 2034; (2) be dated and bear interest from its date of delivery at a rate per annum not in excess of the Maximum Rate, calculated in the case of the Series A Notes on the basis of a 365/366 day year, as appropriate, and actual days elapsed, and in the case of the Series B Notes on the basis of a 360 day year and actual days elapsed, and be payable on its Stated Maturity (provided that unstated interest on any Series B Notes sold at a discount will accrue to par on the Stated Maturity); (3) mature on a Business Day (any day other than a Saturday, Sunday or other day on which commercial banks located in New York, New York, or Denver, Colorado, are required or authorized by law to close for business, or a day on which the New York Stock Exchange is closed); (4) in the case of the Series A Notes be sold at 100% of the principal amount thereof, and in the case of the Series B Notes be sold either at 100% of the principal amount thereof or at a discount; and (5) be issued only if the Series A-B Subordinate Credit Facility will, by its terms, remain effective for a period of five days after the Stated Maturity of such Series A-B Note. See “THE ISSUING AND PAYING AGENCY AGREEMENT – Amendments.”

No Series A-B Notes of a Series may be issued if: (1) the Issuing and Paying Agent has been notified by Bond Counsel of the withdrawal or inapplicability as to such Series of its opinion as to the validity and tax treatment of the interest on that Series delivered prior to the initial issuance of such Series A-B Notes (see “LEGAL MATTERS,” “TAX MATTERS” and “APPENDIX B – FORM OF OPINIONS OF BOND COUNSEL”) unless the City delivers to the Issuing and Paying Agent and the Dealer a substitute opinion(s) of Bond Counsel in form acceptable to the Dealer; or (2) if an event of default under the Issuing and Paying Agency Agreement (an “Event of Default”) has occurred and is continuing. See “THE ISSUING AND PAYING AGENCY AGREEMENT – Events of Default and Remedies.” In addition, upon the occurrence of certain events specified in the Reimbursement Agreement (defined below), the Bank may terminate the right of the City to issue additional Series A-B Notes. However, any such termination will not affect the obligation of the Bank under the current Series A-B Subordinate Credit Facility to honor demands for payment by the Issuing and Paying Agent with respect to outstanding Series A-B Notes. See “THE SERIES A-B SUBORDINATE CREDIT FACILITY – The Current Series A-B Subordinate Credit Facility.”

### **Book-Entry Only System**

The Series A-B Notes 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 A-B Notes. Ownership interests in the Series A-B Notes (“Beneficial Interests”), in non-certificated book-entry only form, may be purchased in Authorized Denominations by or through participants in the DTC system (“DTC Participants”). Beneficial 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 A-B Notes by the rules and operating procedures applicable to the DTC book-entry system as described in “APPENDIX A – DTC BOOK-ENTRY SYSTEM.”

*None of the City, the Department, the Issuing and Paying Agent or the Dealer 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 A-B Notes under the Authorizing Documents, (3) the payment by DTC or any DTC Participant of any amount received under*

*the Authorizing Documents with respect to the Series A-B Notes, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series A-B Notes or (5) any other related matter.*

## **Security and Sources of Payment**

***Special Obligations.*** The Series A-B Notes are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a subordinate pledge of the Net Revenues and certain Airport System funds and accounts held under the Subordinate Bond Ordinance and the Issuing and Paying Agency Agreement. No property of the Airport System is subject to any mortgage or other lien for the benefit of the registered owners (“Holders”) of the Series A-B Notes, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series A-B Notes. The Series A-B Notes 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, charter or statutory limitation of the City or the State.

***Sources of Payment.*** The Series A-B Notes are payable and collectible solely out of the Net Revenues and the Pledged Funds, the latter consisting of: (1) proceeds of the sale of the Series A-B Notes deposited in the Commercial Paper Account established by the Issuing and Paying Agency Agreement; (2) in the case of the Series A Notes, moneys held in the Series A Project Fund established by the Series A-B Supplemental Ordinance and not otherwise encumbered for costs of Approved Projects, and in the case of Series B Notes, moneys held in the Series B Project Fund established by the Series A-B Supplemental Ordinance and not otherwise encumbered for costs of Approved Projects; (3) amounts drawn under the Series A-B Subordinate Credit Facility and deposited in the Credit Facility Account established by the Issuing and Paying Agency Agreement; and (4) other legally available funds as may be determined by the City and paid into the Commercial Paper Account established by the Issuing and Paying Agency Agreement. No amounts in any such fund or account derived from the proceeds of the sale of the Series A Notes or investment income thereon may be used or are pledged to the payment of the Series B Notes or to reimburse any draws on the Series A-B Subordinate Credit Facility used or to be used for such purpose, nor may such funds and accounts be used to pay the principal of and interest on the Series A-B Notes if such use would otherwise violate the City’s tax covenant set forth in the Series A-B Supplemental Ordinance. See “THE ISSUING AND PAYING AGENCY AGREEMENT – Flow of Funds.” See “*Subordinate Pledge of Net Revenues*” below.

The Series A-B Notes are also entitled to the benefit of the Series A-B Subordinate Credit Facility described hereafter and in “THE SERIES A-B SUBORDINATE CREDIT FACILITY.”

***The Series A-B Subordinate Credit Facility.*** The Series A-B Notes are at all times required to be secured by a credit facility in the form of an irrevocable direct-pay letter of credit that will permit the Issuing and Paying Agent to draw moneys thereunder sufficient to pay principal and interest on the Series A-B Notes to their Stated Maturity. The aggregate principal amount of Series A-B Notes that may be outstanding at any time, plus the interest (including accreted amounts due in respect of any Series B Notes issued at a discount being considered interest for such purposes) due thereon to their Stated Maturity, may not exceed the Stated Amount of the Series A-B Subordinate Credit Facility. The current Series A-B Subordinate Credit Facility has been issued by Barclays Bank PLC (the “Bank”) in the Stated Amount of \$135,574,795 (which may secure up to an aggregate of \$128 million in principal amount of Series A-B Notes), subject to modification from time to time as provided therein. Such Series A-B Subordinate Credit Facility has been issued pursuant to a Reimbursement Agreement dated as of January 27, 2011 (the “Reimbursement Agreement”), by and between the City, for and on behalf of the Department, and the Bank. The current Series A-B Subordinate Credit Facility will expire on January 27, 2014, unless earlier terminated or extended in accordance with its terms. See “THE SERIES A-B SUBORDINATE CREDIT FACILITY – The Current Series A-B Subordinate Credit Facility” and “THE BANK.” **IN MAKING AN INVESTMENT DECISION, PROSPECTIVE PURCHASERS OF THE**

**SERIES A-B NOTES SHOULD RELY SOLELY ON THE CREDIT OF THE BANK AND NOT ON THE CREDIT OF THE CITY OR THE DEPARTMENT.**

The Issuing and Paying Agent is authorized and directed in the Issuing and Paying Agency Agreement to make the necessary and timely drawings under the Series A-B Subordinate Credit Facility in accordance with the terms and provisions thereof in order to effectuate the timely payment of principal and interest on the Series A-B Notes as the same becomes due. See “THE ISSUING AND PAYING AGENCY AGREEMENT – General.”

Upon the satisfaction of certain conditions, the current Series A-B Subordinate Credit Facility may be replaced by a letter of credit of another commercial bank or banks, provided, among other things, that the substitution will not, in and of itself, result in the suspension, reduction or withdrawal of any existing ratings on the Series A-B Notes. See “THE SERIES A-B SUBORDINATE CREDIT FACILITY – Substitute Series A-B Subordinate Credit Facility” and “RATINGS.”

***Subordinate Pledge of Net Revenues.*** The City has irrevocably pledged the Net Revenues and funds on deposit in the Subordinate Bond Fund established by the Senior Bond Ordinance (defined below) to the payment of the Series A-B Notes on a basis that is (a) subordinate to the pledge of the Net Revenues for the (1) payment of obligations issued and outstanding from time to time (“Senior Bonds”) under the General Bond Ordinance of the City approved on November 29, 1984, as Ordinance No. 626, Series of 1984, as supplemented and amended from time to time (the “Senior Bond Ordinance”), and (2) 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 letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and that provides security or liquidity in respect of Senior Bonds, but only if such obligations have a lien on the Net Revenues on the same priority as the lien thereon of Senior Bonds (“Credit Facility Obligations”), as well as payment obligations of the City with respect to hedge facilities (but not including hedge termination payments), but only if such obligations have a lien on the Net Revenues on the same priority as the lien thereon of Senior Bonds (“Hedge Facility Obligations,” and collectively with Credit Facility Obligations and the Senior Bonds, the “Senior Obligations”), and (b) on a parity with all other bonds that may be issued and outstanding from time to time under the Subordinate Bond Ordinance (collectively with the Series A-B Notes, the “Subordinate Bonds”) and other obligations issued and outstanding from time to time under the Subordinate Bond Ordinance.

The Subordinate Bond Ordinance creates four categories of obligations that are payable from the Net Revenues on a basis that is subordinate to the Senior Obligations and on parity with each other: Subordinate Bonds, Subordinate Credit Facility Obligations, Subordinate Contract Obligations and Subordinate Hedge Facility Obligations. Subordinate Bonds consist of bonds, notes, certificates, commercial paper or other securities that are payable from and secured by a pledge of and lien on the Net Revenues on a basis that is subordinate only to the lien thereon of the Senior Obligations, but do not include Subordinate Credit Facility Obligations, Subordinate Contract Obligations or Subordinate Hedge Obligations. Subordinate Credit Facility Obligations consist of 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 that are payable from all or any designated portion of the Net Revenues on a basis that is subordinate only to the Senior Obligations. Subordinate Contract Obligations and Subordinate Hedge Facility Obligations consist of contracts, agreements or obligations that are payable from all or any designated portion of the Net Revenues on a basis that is subordinate to the Senior Obligations and on a parity with Subordinate Bonds, but do not include Subordinate Bonds, Subordinate Credit Facility Obligations, obligations that may be treated as Operation and Maintenance Expenses (defined below) under generally accepted accounting principles or obligations incurred and payable in full within a single Fiscal (calendar) Year, whether or not such obligations may be treated as Operation and Maintenance Expenses.

The City, for and on behalf of the Department, currently has no Subordinate Bonds outstanding, but does have outstanding several interest rate swap agreements constituting Subordinate Hedge Facility Obligations that are on a parity with the Series A-B Notes as to the pledge of the Net Revenues. The City, for and on behalf of the Department, has outstanding approximately \$4.0 billion of Senior Bonds, and has entered into various Credit Facility Obligations in connection therewith. See also “Issuance of Additional Senior Bonds” and “Issuance of Additional Subordinate Bonds and Subordinate Contract Obligations” below.

**Net Revenues.** Net Revenues is defined in the Senior Bond Ordinance as Gross Revenues of the Airport System remaining after the deduction of Operation and Maintenance Expenses.

Gross Revenues generally consist of 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 any project to acquire, improve or equip facilities comprising the Airport System, other than Special Facilities as defined in the Senior Bond Ordinance (“Facilities”), or otherwise, and includes primarily the rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof. Gross Revenues do not include, among other things, any passenger taxes or other passenger charges, including passenger facility charges (“PFCs”) imposed for the use of the Airport System, except to the extent included as Gross Revenues by the terms of any amendment or supplement to the Senior Bond Ordinance. The City has irrevocably committed the revenues derived from \$3.00 of its total \$4.50 PFC to the payment of Debt Service Requirements (as defined in the Senior Bond Ordinance) with respect to the Senior Bonds (the “Senior Debt Service Requirements”) through December 31, 2013. In addition, pursuant to a supplement to the Senior Bond Ordinance, the City has included in Gross Revenues of the Airport System for purposes of the Senior Bond Ordinance in each of the Fiscal Years 2009 through 2013, inclusive, the revenue derived from the \$1.50 PFC that commenced April 1, 2001. The amounts resulting from the collection of this \$1.50 PFC, plus any additional charges as provided for by notice from the Manager of Aviation to the City’s Treasurer (as defined in the Senior Bond Ordinance), constitute “Designated Passenger Facility Charges” within the meaning of the Senior Bond Ordinance, and are to continue to be included in Gross Revenues in each Fiscal Year thereafter until such time as the Manager of Aviation notifies the Treasurer that such Designated Passenger Facility Charges are no longer to be included in Gross Revenues for purposes of the Senior Bond Ordinance.

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.

### **Rate Maintenance Covenant**

The City covenants in the Subordinate Bond Ordinance it will 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 Other Available Funds (consisting of transfers from the Capital Fund) will at all times be at least sufficient: (1) to provide for the payment of Operation and Maintenance Expenses for such Fiscal Year, and (2) to provide for the greater of either (a) the deposits required to be made to the Bond Fund (excluding the Redemption Account), the Bond Reserve Fund, the Subordinate Bond Fund and the Operation and Maintenance Reserve Account during that Fiscal Year, or (b) an amount not less than 110% of the aggregate Senior Debt Service Requirements and Subordinate Debt Service Requirements for such Fiscal Year. The City further covenants that in any event it will at all times fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport System in order that the Gross Revenues will at all times be at least sufficient to provide for the payment of Operation and Maintenance Expenses for such Fiscal Year and to provide for the payment of all Debt Service Requirements and Subordinate Debt Service Requirements for such Fiscal Year. Such covenant does not obligate the City to take any action in violation of any applicable requirements imposed by law,

and all such rentals, rates, fees and other charges for the use of the Airport System are to be reasonable in relation to the cost of providing, operating and maintaining the Airport System and services furnished by the Airport System.

For purposes of this covenant, there is to be excluded from Gross Revenues any capital gain resulting from any sale or revaluation of Investment Securities (as defined in the Subordinate Bond Ordinance) or bank deposits, or both. In addition, Senior Debt Service Requirements and Subordinate Debt Service Requirements exclude amounts that are irrevocably committed to make such payments on the Senior Bonds or Subordinate Bonds, as applicable, during the computation period, including without limitation any amount in an escrow account and any proceeds of bonds deposited to the credit of the Capitalized Interest Account (as defined in the Senior Bond Ordinance). The City has irrevocably committed a portion of the moneys collected from the PFCs to the payment of Senior Debt Service Requirements through December 31, 2013. See also “THE SERIES A-B SUBORDINATE CREDIT FACILITY – The Current Series A-B Subordinate Credit Facility.”

### **Flow of Funds**

The application of Gross Revenues is governed by the provisions of the Senior Bond Ordinance and the Subordinate Bond Ordinance. The Senior Bond Ordinance creates a special fund, designated the “Revenue Fund,” into which the City is required to set aside all Gross Revenues upon receipt by the City. Moneys held in the Revenue Fund are then applied and deposited into the funds and accounts established pursuant to the Senior Bond Ordinance and the Subordinate Bond Ordinance. Amounts deposited to the Revenue Fund are to be applied first to Operation and Maintenance Expenses and then to Senior Debt Service Requirements, to the payment of any investment income required to be rebated to the federal government and to maintain the required amount in the Bond Reserve Fund for the Senior Bonds before being applied to the Subordinate Debt Service Requirements. See also “THE ISSUING AND PAYING AGENCY AGREEMENT – Flow of Funds.”

### **Issuance of Additional Subordinate Bonds and Subordinate Contract Obligations**

The Subordinate Bond Ordinance permits the City, on its own behalf or for and on behalf of the Department, to issue additional Subordinate Bonds for the purpose of paying the cost of acquiring, improving or equipping any Facilities or refunding, paying and discharging any Subordinate Bonds, Subordinate Contract Obligations, Subordinate Credit Facility Obligations, Subordinate Hedge Facility Obligations, Senior Bonds, Junior Lien Obligations or other securities or obligations. Under the terms of the Subordinate Bond Ordinance, the City, on its own behalf or for and on behalf of the Department, may issue up to an aggregate principal amount of \$800 million of Subordinate Bonds (including the Series A-B Notes) and Subordinate Contract Obligations upon receipt of a certificate of the Manager of Aviation that the City is not in default in making any payments required under the Senior Bond Ordinance or the Subordinate Bond Ordinance. In order to issue additional Subordinate Bonds or Subordinate Contract Obligations in excess of \$800 million (other than for a refunding), the City must comply with certain conditions as set forth in the Subordinate Bond Ordinance. See “Security and Sources of Payment – *Subordinate Pledge of Net Revenues*” above regarding presently outstanding Subordinate Bonds and Subordinate Contract Obligations.

### **Issuance of Additional Senior Bonds**

The City may issue additional Senior Bonds to pay the cost of acquiring, improving or equipping Facilities and to refund, pay and discharge any Senior Obligations, Subordinate Bonds or other securities or obligations. In order to issue additional Senior Bonds under the Senior Bond Ordinance, other than for a refunding, the City is required to obtain certain certificates, opinions and a report of an Airport

Consultant (as defined in the Senior Bond Ordinance) regarding, among other things, projected compliance with the rate maintenance covenant made by the City in the Senior Bond Ordinance.

## **THE SERIES A-B SUBORDINATE CREDIT FACILITY**

### **The Current Series A-B Subordinate Credit Facility**

The following is a summary of certain provisions of the irrevocable, direct-pay letter of credit, previously defined herein as the “Series A-B Subordinate Credit Facility,” issued by the Bank pursuant to the Reimbursement Agreement, dated as of January 27, 2011, entered into by and between the City, for and on behalf of the Department, and the Bank. This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Series A-B Subordinate Credit Facility and the Reimbursement Agreement. Capitalized terms used in the following summary are defined in this Offering Memorandum or in the Reimbursement Agreement and reference thereto is made for full understanding of their import.

The City, for and on behalf of the Department, has entered into the Reimbursement Agreement providing for the issuance of the current Series A-B Subordinate Credit Facility by the Bank on January 27, 2011, in the initial stated amount of \$135,574,795, which is the sum of (i) the total aggregate principal amount of the Series A-B Notes secured by the Series A-B Subordinate Credit Facility in the amount of \$128,000,000, plus (ii) interest thereon at the rate of 12% per annum for a period of 180 days on the basis of a 365 day year in the amount of \$7,574,795 (as reduced or reinstated from time to time in accordance with the provisions of the Series A-B Subordinate Credit Facility, the “Stated Amount”). The Reimbursement Agreement, among other things, sets forth the terms and conditions for the issuance of the Series A-B Subordinate Credit Facility and for reimbursement to the Bank by the City, for and on behalf of the Department, of any amounts drawn by the Issuing and Paying Agent thereunder.

The Series A-B Subordinate Credit Facility will expire at 5:00 p.m. New York City time on the date (the “Termination Date”) which is the earliest of: (i) January 27, 2014 (the “Stated Expiration Date”), as such date may be extended in a Notice of Extension from the Bank to the Issuing and Paying Agent and the City, (ii) the date of payment of a Drawing, not subject to reinstatement, which when added to all other Drawings honored under the Series A-B Subordinate Credit Facility which were not subject to reinstatement as provided in the Series A-B Subordinate Credit Facility, in the aggregate equals the Stated Amount on the date of issuance of the Series A-B Subordinate Credit Facility as adjusted pursuant to the terms and conditions of the Series A-B Subordinate Credit Facility, (iii) the Bank’s receipt of a certificate signed by a duly authorized officer of the Issuing and Paying Agent certifying to the Bank that (a) the Issuing and Paying Agent has accepted an alternate letter of credit or (b) no Series A-B Notes remain outstanding under the Issuing and Paying Agency Agreement, or (iv) the date when the Issuing and Paying Agent surrenders the Series A-B Subordinate Credit Facility to the Bank for cancellation.

Under the Reimbursement Agreement, upon the occurrence of certain specified events of default (each, a “Reimbursement Agreement Event of Default”), the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies in the Reimbursement Agreement or by law provided:

- (a) by notice to the City, declare all Bank Obligations (including Reimbursement Obligations and all other obligations of the City, for and on behalf of its Department of Aviation, arising under or in relation to the Reimbursement Agreement) to be immediately due and payable, whereupon the same will be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are waived by the City; provided, however, that upon the occurrence of a certain Reimbursement Agreement Event of Default specified in the

Reimbursement Agreement, such acceleration will automatically occur (unless such automatic acceleration is waived by the Bank in writing);

(b) by notice of the occurrence of any Reimbursement Agreement Event of Default to the Issuing and Paying Agent (which notice will constitute a “Stop-Issuance Notice” for purposes of the Issuing and Paying Agency Agreement) prohibit, until such time, if any, as the Bank withdraws (in writing) such notice, the issuance of additional Series A-B Notes, reduce the Stated Amount of the Series A-B Subordinate Credit Facility to the amount of the then Outstanding Series A-B Notes supported by such Series A-B Subordinate Credit Facility and interest payable thereon at maturity of such Series A-B Notes and/or terminate such Stated Amount as the then Outstanding Series A-B Notes are paid;

(c) pursue any rights and remedies it may have under the Related Documents (as defined in the Reimbursement Agreement); or

(d) pursue any other action available at law or in equity.

### **Substitute Series A-B Subordinate Credit Facility**

The City covenants and agrees with the Issuing and Paying Agent that so long as any Series A-B Notes remain outstanding, the City will not terminate or allow the Series A-B Subordinate Credit Facility to expire or terminate in accordance with its terms or by action of the Bank unless prior thereto the City provides to the Issuing and Paying Agent a substitute Series A-B Subordinate Credit Facility meeting the requirements of the Issuing and Paying Agency Agreement. Any agreement pursuant to which a substitute Series A-B Subordinate Credit Facility is issued may have terms substantially different from those of the Reimbursement Agreement for the current Series A-B Subordinate Credit Facility.

The Issuing and Paying Agency Agreement provides that the City may obtain a substitute Series A-B Subordinate Credit Facility to replace the existing Series A-B Subordinate Credit Facility upon satisfaction of several conditions, including confirmation that such substitution will not, in and of itself, result in the suspension, reduction or withdrawal of any existing ratings on the Series A-B Notes or any outstanding Senior Bonds or Subordinate Bonds; and an opinion of Bond Counsel to the effect that such substitution will not, in and of itself, adversely affect the exclusion from gross income for federal tax purposes of interest on the Series A Notes. The Issuing and Paying Agent is to deliver written notice of substitution of the Series A-B Subordinate Credit Facility to the Holders of the Series A-B Notes at least 15 days prior to the substitution date. See “THE ISSUING AND PAYING AGENT AGREEMENT – Notices to Holders.”

## **THE BANK**

### **General**

**The current Series A-B Subordinate Credit Facility has been issued by Barclays Bank PLC. The following information has been furnished by the Bank for inclusion in this Offering Memorandum. None of the City, the Department or the Dealer has independently verified or assumes any responsibility for such information, nor do they make any representation as to the accuracy or completeness of such information or the absence of material adverse changes in such information subsequent to the date hereof.**

**IN MAKING AN INVESTMENT DECISION, PROSPECTIVE PURCHASERS OF THE SERIES A-B NOTES SHOULD RELY SOLELY ON THE CREDIT OF THE BANK AND NOT ON THE CREDIT OF THE CITY OR THE DEPARTMENT.**

## Barclays Bank PLC

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP. Barclays Bank PLC was incorporated on August 7, 1925 under the Colonial Bank Act 1925 and on October 4, 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on January 1, 1985, Barclays Bank was re-registered as a public limited company and its name was changed from “Barclays Bank International Limited” to “Barclays Bank PLC”.

Barclays Bank PLC and its subsidiary undertakings (taken together, the “Group”) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group.

The short term unsecured obligations of Barclays Bank PLC are rated “A-1+” by Standard & Poor’s, “P-1” by Moody’s and “F1+” by Fitch Ratings Limited and the long-term obligations of Barclays Bank PLC are rated “AA-” by Standard & Poor’s, “Aa3” by Moody’s and “AA-” by Fitch Ratings Limited.

Based on the Group’s audited financial information for the year ended December 31, 2009, the Group had total assets of £1,379,148 million (2008: £2,053,029 million), total net loans and advances<sup>1</sup> of £461,359 million (2008: £509,522 million), total deposits<sup>2</sup> of £398,901 million (2008: £450,443 million), and total shareholders’ equity of £58,699 million (2008: £43,574 million) (including non-controlling interests of £2,774 million (2008: £2,372 million)). The profit before tax from continuing operations of the Group for the year ended December 31, 2009 was £4,559 million (2008: £5,094 million) after impairment charges and other credit provisions of £8,071 million (2008: £5,419 million). Profit after tax for the year ended December 31, 2009, including discontinued operations and the sale of Barclays Global Investors, was £10,289 million (2008: £5,249 million). The financial information in this paragraph is extracted from the audited Annual Report of the Group for the year ended December 31, 2009.

Based on the Group’s unaudited financial information for the six months ended June 30, 2010, the Group had total assets of £1,587,806 million, total net loans and advances<sup>1</sup> of £494,190 million, total deposits<sup>2</sup> of £455,297 million, and total shareholders’ equity of £61,720 million (including non-controlling interests of £3,016 million). The profit before tax from continuing operations of the Group for the six months ended June 30, 2010 was £3,947 million after impairment charges on loans and advances and other credit provisions of £3,080 million. The financial information in this paragraph is extracted from the unaudited Interim Results Announcement of the Group for the six months ended June 30, 2010.

The delivery of the information concerning Barclays Bank PLC and the Group herein shall not create any implication that there has been no change in the affairs of Barclays Bank PLC and the Group since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

Barclays Bank PLC is responsible only for the information contained in this section of the Offering Memorandum and did not participate in the preparation of, or in any way verify the information contained in, any other part of the Offering Memorandum. Accordingly, Barclays Bank PLC assumes no responsibility for and makes no representation or warranty as to the accuracy or completeness of information contained in any other part of the Offering Memorandum.

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<sup>1</sup> Total net loans and advances include balances relating to both bank and customer accounts.

<sup>2</sup> Total deposits include deposits from bank and customer accounts.

## THE ISSUING AND PAYING AGENCY AGREEMENT

### General

The Series A-B Notes will be issued pursuant to the Subordinate Bond Ordinance and in accordance with the Issuing and Paying Agency Agreement entered into by and between the City, acting for and on behalf of the Department, and the Issuing and Paying Agent. The Issuing and Paying Agency Agreement sets forth, among other things, the terms of the program for issuing the Series A-B Notes, certain obligations of the City with respect to the Series A-B Notes and the duties and responsibilities of the Issuing and Paying Agent in connection with the Series A-B Notes, including the payment of the principal of and interest on the Series A-B Notes to the registered owners thereof upon presentment of the Series A-B Notes at maturity, to make the necessary and timely drawings under the Series A-B Subordinate Credit Facility in accordance with the terms and provisions thereof in order to effectuate the timely payment of principal and interest on the Series A-B Notes as the same becomes due, to credit amounts received from the City for the payment of the promissory note issued by the City, for and on behalf of the Department, under the Reimbursement Agreement (the "Bank Note") in the manner described in "Flow of Funds" below, to credit amounts received from the Bank as a result of drawings under the Series A-B Subordinate Credit Facility in the manner described in "Flow of Funds" below, to keep amounts on deposit in the Credit Facility Account separate from all other funds and accounts of the Issuing and Paying Agent and to utilize such amounts in accordance with the terms of the Issuing and Paying Agency Agreement. The Issuing and Paying Agent is prohibited from paying any principal or interest due in respect of the Series B Notes, or reimbursing any drawings used or to be used for such purpose, with any proceeds from the sale of the Series A Notes or any interest income thereon.

**The Series A-B Notes are not obligations of the Issuing and Paying Agent or any affiliate thereof, and neither the Issuing and Paying Agent nor any affiliate thereof has in any way guaranteed the repayment of the Series A-B Notes from its own funds, assets or corporate capital. The Issuing and Paying Agent or any affiliate thereof did not participate in the preparation of this Offering Memorandum and makes no representations concerning the Series A-B Notes, the collateral or any other matter stated in this Offering Memorandum.**

### Flow of Funds

The Issuing and Paying Agency Agreement establishes with the Issuing and Paying Agent three special purpose trust accounts: the Commercial Paper Account, the Credit Facility Account and the Bank Note Debt Service Account.

***The Commercial Paper Account.*** All proceeds from the sale of Series A-B Notes, as a first priority, are to be deposited into the Commercial Paper Account to the extent needed to pay, on the day such proceeds are received, the principal and interest on all Series A-B Notes that mature on such day. The Issuing and Paying Agent has the sole right of withdrawal from the Commercial Paper Account and is to hold the funds in such account in trust for the payment of the Series A-B Notes. Except as otherwise described in "*Bank Note Debt Service Account*" and "*Project Fund; Account Balances*" below, no withdrawal from the Commercial Paper Account is to be made by the Issuing and Paying Agent except for the purpose of paying Series A-B Notes that have become due and payable and have been presented to the Issuing and Paying Agent for payment.

The Issuing and Paying Agent, by 11:30 p.m. (New York time) on the Stated Maturity of any Series A-B Notes, is to make a drawing under the Series A-B Subordinate Credit Facility in accordance with its terms (and in any event in sufficient time to permit payment of matured Series A-B Notes in same day funds), as provided in the Issuing and Paying Agency Agreement, in an amount sufficient to pay such Series A-B Notes in full, and deposit the proceeds of such drawing in the Credit Facility Account. The

Issuing and Paying Agent is not required to pay any Series A-B Note if there are not sufficient funds in the Commercial Paper Account (following a draw on the Series A-B Subordinate Credit Facility) to pay such maturing Series A-B Notes.

**Bank Note Debt Service Account.** The Issuing and Paying Agent is to deposit into the Bank Note Debt Service Account: (a) amounts received from the City for payment of the principal of and interest on the Bank Note; and (b) as a second priority, the proceeds of the sale of Series A-B Notes to the extent required for payment of the principal of and interest on the Bank Note (after taking into account amounts received from the City by 11:00 a.m. (New York time) for such purpose).

**Credit Facility Account.** The Issuing and Paying Agent is to deposit into the Credit Facility Account the proceeds of any drawing under the Series A-B Subordinate Credit Facility, and is to transfer the proceeds of any drawing from the Credit Facility Account to the Commercial Paper Account on the Stated Maturity of the respective Series A-B Notes. The Issuing and Paying Agent has the sole right of withdrawal from the Credit Facility Account and is to hold the funds in such account in trust for the payment of the Series A-B Notes. No withdrawal from the Credit Facility Account may be made by the Issuing and Paying Agent except for the purpose of paying Series A-B Notes that have become due and payable and have been presented to the Issuing and Paying Agent for payment.

**Project Fund; Account Balances.** After applying the proceeds of the sale of Series A-B Notes to the Commercial Paper Account and the Bank Note Debt Service Account as provided above, the Issuing and Paying Agent is to deposit the proceeds of the sale of any Series A Notes to the Series A Project Fund and is to deposit the proceeds of the sale of any Series B Notes to the Series B Project Fund. The City has the sole right of withdrawal from the Series A Project Fund and Series B Project Fund for the designated Approved Projects and is otherwise subject to the requirements of the Subordinate Bond Ordinance.

Amounts in the Commercial Paper Account after the Presentment Deadline (as defined in the Issuing and Paying Agency Agreement) for any Series A-B Notes, and amounts in the Bank Note Debt Service Account and Credit Facility Account not otherwise required for the purposes of such accounts, are to be transferred to the Series A Project Fund if derived from the proceeds from the sale of the Series A Notes, or drawings in respect thereof, and otherwise as the City Representative may direct.

## **Events of Default and Remedies**

The following events constitute Events of Default under the Issuing and Paying Agency Agreement, regardless of the reason for such Event of Default and whether it is voluntary or involuntary or comes about or is effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body: (1) default in the payment of any interest upon any Series A-B Note when it becomes due and payable; and (2) default in the payment of the principal of any Series A-B Note when the same becomes due and payable.

Upon the occurrence and continuance of an Event of Default, the Issuing and Paying Agent is to give notice thereof in writing to the City and the Bank and give notice thereof to the Holders of the Series A-B Notes in the manner described in “Notices to Holders” below; and if such Event of Default is subsequently cured, the Issuing and Paying Agent is to promptly give written notice thereof to the City and the Bank and give notice thereof to the Holders of the Series A-B Notes in the manner described in “Notices to Holders” below.

The Series A-B Subordinate Credit Facility is required to be reinstated prior to waiving any Event of Default.

Upon the happening and continuance of any Event of Default, the Holders of the Series A-B Notes may take any one or more of the remedial actions specified in the Issuing and Paying Agency Agreement.

### **Amendments**

Without the consent of the Holders of any Series A-B Notes, but with the consent of the Bank (except for the delivery of a substitute Series A-B Subordinate Credit Facility), whose consent shall not be unreasonably withheld, the City may enter into one or more amendments to the Issuing and Paying Agency Agreement for any one or more of the following purposes: to modify the procedures set forth in the Issuing and Paying Agency Agreement for the issuance of the Series A-B Notes; to modify or eliminate any of the terms of the Issuing and Paying Agency Agreement, provided that any such modifications or eliminations become effective only when there are no Series A-B Notes outstanding that were issued prior to the execution of such amendment; to make any other changes with respect to matters or questions arising under the Issuing and Paying Agency Agreement that do not materially adversely affect the interests of the Holders of the Series A-B Notes then outstanding; to increase the Maximum Amount permitted under the Issuing and Paying Agency Agreement, provided that the Issuing and Paying Agent receives evidence that the ratings on the Series A-B Notes and on the outstanding Senior Bonds and Subordinate Bonds will not be adversely affected by such increase; to permit the delivery of a substitute Series A-B Subordinate Credit Facility in the manner described in “THE SERIES A-B SUBORDINATE CREDIT FACILITY – Substitute Series A-B Subordinate Credit Facility”; or to maintain the rating on the Series A-B Notes.

Without the consent of the Bank and the Holder of each outstanding Series A-B Note affected thereby, no amendment to the Issuing and Paying Agency Agreement may be made that has the effect of changing the Stated Maturity of any Series A-B Note, reducing the principal amount thereof or the interest thereon, changing the coin or currency in which any Series A-B Note or the interest thereon is payable or impairing the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof. It is not necessary for the Holders to approve the particular form of any proposed amendment to the Issuing and Paying Agency Agreement, it being sufficient that the consent approves the substance thereof.

In the event that Series A-B Notes are issued at or subsequent to the date of execution of an amendment to the Issuing and Paying Agency Agreement, the Holders of such Series A-B Notes will be deemed, by the purchase of such Series A-B Notes with disclosure of the substance of such amendment, to have consented to and approved the provisions of such amendment.

### **Notices to Holders**

The Issuing and Paying Agent is to give notice of the following events to the Holders of the Series A-B Notes by mailing to the address for such Holders maintained by the Issuing and Paying Agent in the registration books for the Series A-B Notes: any change in the dealer or dealers acting as such with respect to the Series A-B Notes (each a “Dealer”); any change in the Issuing and Paying Agent; any amendment, termination or revision of the Issuing and Paying Agency Agreement, the Reimbursement Agreement or the agreement executed between the City, for and on behalf of the Department, and a Dealer; any expiration, termination, extension, amendment or substitution of the Series A-B Subordinate Credit Facility; any defeasance of the Series A-B Notes; or any other changes to the terms of the program for issuing the Series A-B Notes.

## INVESTMENT CONSIDERATIONS

The purchase and ownership of the Series A-B Notes involves certain risks. Prospective purchasers of the Series A-B Notes are urged to read this Offering Memorandum in its entirety. In addition to factors set forth elsewhere in this Offering Memorandum, purchasers of Series A-B Notes should carefully consider the following factors in connection with investment in the Series A-B Notes.

### **Series A-B Subordinate Credit Facility Primary Security**

The primary security and source of payment for the Series A-B Notes is the Series A-B Subordinate Credit Facility. Consequently, only limited information regarding the City, the Department and the Airport System is included herein. **Prospective purchasers of the Series A-B Notes are expected to conduct their own review and analysis, including their own evaluation of the financial strength of the Bank, before making an investment decision. In making such decision, prospective purchasers of the Series A-B Notes should rely solely on the credit of the Bank issuing the Series A-B Subordinate Credit Facility and not on the credit of the City or the Department.** See “THE SERIES A-B NOTES – Security and Sources of Payment – *The Series A-B Subordinate Credit Facility*” and “THE SERIES A-B SUBORDINATE CREDIT FACILITY.”

### **Subordinate Pledge of Net Revenues**

If the Bank fails for any reason to honor its obligations to make payments under the Series A-B Subordinate Credit Facility, the Net Revenues and Pledged Funds will likely be the only other source of payment of such deficiency. The pledge of the Net Revenues and funds on deposit in the Subordinate Bond Fund to the payment of the Series A-B Notes is subordinate to the pledge of the Net Revenues for the payment of outstanding Senior Obligations and on a parity with the pledge of the Net Revenues for the payment of other outstanding Subordinate Bonds and other obligations issued and outstanding from time to time under the Subordinate Bond Ordinance. See “THE SERIES A-B NOTES – Security and Sources of Payment” and “DENVER INTERNATIONAL AIRPORT.”

### **Performance by the Issuing and Paying Agent**

Performance by the Bank of its obligations under its Series A-B Subordinate Credit Facility is subject to the satisfaction of certain conditions by the Issuing and Paying Agent as set forth in the Series A-B Subordinate Credit Facility and the Reimbursement Agreement. The Holders of the Series A-B Notes are thus dependent upon the Issuing and Paying Agent to properly satisfy such conditions before they will receive the benefit of the Series A-B Subordinate Credit Facility. Furthermore, the question of whether the Issuing and Paying Agent has properly satisfied such conditions is a question of fact that, if disputed, could delay or defeat the Issuing and Paying Agent’s rights of enforcement of the Series A-B Subordinate Credit Facility. See “THE SERIES A-B NOTES – Security and Sources of Payment – *The Series A-B Subordinate Credit Facility*” and “THE SERIES A-B SUBORDINATE CREDIT FACILITY – The Current Series A-B Subordinate Credit Facility.”

### **Obligations of the Bank Unsecured**

The ability of the Bank to honor draws on its Series A-B Subordinate Credit Facility is based solely upon the general credit of the Bank, and is not collateralized or otherwise guaranteed by the United States of America or any agency or instrumentality thereof. None of the City, the Department or the Bank assumes any liability to any Holder of the Series A-B Notes as a result of any deterioration of the financial condition of the Bank. Upon any insolvency of the Bank, any claim by the Issuing and Paying Agent against the Bank would be subject to bank receivership proceedings. No insurance proceeds from the Federal Deposit Insurance Corporation or any other governmental agency, instrumentality or authority (other than the Net Revenues or Pledged Funds) will be available to pay the Series A-B Notes in the event of a default by the Bank under the Series A-B Subordinate Credit Facility. See “THE BANK” and “THE

SERIES A-B SUBORDINATE CREDIT FACILITY – The Current Series A-B Subordinate Credit Facility.”

### **General Factors Affecting the Bank**

The Bank is subject to regulation and supervision by various regulatory bodies. New regulations could impose restrictions upon the Bank that would restrict its ability to respond to competitive pressures. Various legislative or regulatory changes could dramatically impact the banking industry as a whole and the Bank specifically. The banking industry is highly competitive in many of the markets in which the Bank operates. Such competition directly impacts the financial performance of the Bank. Any significant increase in such competition could adversely impact the Bank. Prospective investors should evaluate the financial strength of the Bank based upon the information contained in and referred to in “THE BANK” and other information available upon request from the Bank, and should not rely upon any governmental supervision by any regulatory entity.

### **Enforcement of Legal Instruments Limited**

The various legal opinions delivered in connection with the delivery of the Series A-B Notes are qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State, the United States of America and other governmental authorities, including police powers exercised for the benefit of the public health and welfare, and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

### **THE DEALER**

The City has designated Barclays Capital Inc. as the Dealer with respect to the offering and sale of Series A-B Notes pursuant to a Dealer Agreement dated as of January 1, 2011, between the Dealer and the City, for and on behalf of the Department.

### **RATINGS**

Moody’s Investors Service, Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. and Fitch, Inc. have assigned ratings to the Series A-B Notes of “P-1,” “A-1+” and “F1+,” respectively, based on the security provided by the current Series A-B Subordinate Credit Facility issued by the Bank. The City and the Bank have furnished to these rating agencies the information contained in this Offering Memorandum and certain other materials and information concerning the Bank, the Series A-B Notes and the Airport System. 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 A-B Notes. An explanation of the procedure and methodology used by each rating agency and the significance of such ratings may be obtained only from the rating agency furnishing the same. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of such rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Series A-B Notes.

## LEGAL MATTERS

Upon each initial issuance of any new amount of Series A-B Notes, Hogan Lovells US LLP, Denver, Colorado, Bond Counsel to the City, and Bookhardt & O'Toole, Denver, Colorado, Bond Counsel to the City, will each render an opinion, expected to be substantially in the form appended to this Offering Memorandum, as to the authorization, issuance, validity of the Series A-B Notes and the exemption of interest thereon from federal and Colorado income taxation for the Series A Notes. See "TAX MATTERS" below. Bond Counsel has no obligation after the date of its respective initial opinion to (1) monitor or advise the City or any other person of any changes in its opinion subsequent to the delivery thereof; (2) update, revise, supplement or withdraw such opinion to reflect any facts or circumstances that may thereafter come to their attention, or any changes in law, regulation or governmental agency guidance, or the interpretation of any of the foregoing, that may thereafter occur, or for any other reason whatsoever; or (3) review any legal matters incident to the authorization, initial issuance and validity of the Series A-B Notes, the exemption from federal or state income tax of the Series A Notes or the purposes to which the proceeds of the Series A-B Notes are to be applied.

Peck, Shaffer & Williams LLP, Denver, Colorado, has served as Special Counsel to the City in connection with this Offering Memorandum.

## TAX MATTERS

Upon each initial issuance of any new amount Series A Notes, from time to time, Hogan Lovells US LLP, Bond Counsel to the City, and Bookhardt & O'Toole, Bond Counsel to the City, will each provide an opinion, expected to be substantially in the form appended to this Offering Memorandum, to the effect that, under existing law, interest on such Series A Notes is excluded from gross income for federal income tax purposes, except for any period during which such Series A Notes are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations.

### **Interest on the Series B Notes is fully taxable for federal and State income tax purposes.**

The foregoing opinions will assume compliance by the City with certain requirements of the Code that must be met subsequent to the issuance of the Series A Notes. 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 A Notes to be included in gross income, or could otherwise adversely affect such opinion, retroactive to the date of initial issuance of the Series A Notes.

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 A Note is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State.

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 A Notes. Prospective purchasers of the Series A Notes should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series A Notes may have adverse federal tax consequences for certain taxpayers. Such consequences included the following: (1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series A Notes or, in the case of financial institutions, that portion of a holder's interest expense allocated to interest on the Series A Notes; (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 in the Series A Notes; (3) interest on the Series A Notes earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (4) passive investment income, including interest on the Series A Notes, 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 A Notes.

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 A Notes will be audited. If an audit is commenced, under current Service procedures the holders of the Series A may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series A Notes could adversely affect their value and liquidity.

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 A Notes, the exclusion of interest on the Series A Notes from federal gross income, State taxable income, or any combination, from the date of issuance of the Series A Notes or any other date, or that such changes will not result in other adverse federal or State tax consequences.

Bond Counsel to the City will render their opinions as of the issue date of the related Series A Notes, 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 opinion represent Bond Counsel’s legal judgment based upon its 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 A Notes, the exclusion of interest on the Series A Notes from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series A Notes or any other date, or that such changes will not result in other adverse federal or state tax consequences.

**Prospective purchasers of Series A Notes 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 A Notes in light of their particular tax situation.**

## **FINANCIAL ADVISORS**

Jefferies & Company, Inc. and Estrada Hinojosa & Company, Inc. are serving as financial advisors to the City with respect to the Series A-B Notes. The Financial Advisors are not contractually obligated to undertake, and have not undertaken to make, an independent verification or to assume responsibility for the accuracy or fairness of the information contained in this Offering Memorandum.

## MISCELLANEOUS

The cover page, prefatory information and appendices to this Offering Memorandum are integral parts hereof and must be read together with all other parts of this Offering Memorandum. The descriptions of the documents, statutes 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 or other instrument. Copies of the documents summarized herein may be obtained from the City, the Department or the Dealer. So far as any statements made in this Offering Memorandum 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.

The Series A-B Notes when issued are expected to be exempt from the provisions of Section (b)(5) of SEC Rule 15c2-12, and accordingly the City has not undertaken to provide ongoing disclosure with respect to the Series A-B Notes. However, the City has delivered continuing disclosure undertakings in connection with the issuance of various series of its outstanding Senior Bonds pursuant to which it has agreed to make annual filings with EMMA of certain information with regard to the Airport System, and to file with EMMA notices of the occurrence of certain events. The City believes that it has continually complied in all material respects with the requirements set forth in Rule 15c2-12 and such previous continuing disclosure undertakings.

This Offering Memorandum has been duly authorized and approved by the City.

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## APPENDIX A

### 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 Issuing and Paying Agent or the Dealer 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 A-B Notes under the Authorizing Documents, (3) the payment by DTC or any DTC Participant of any amount received under the Authorizing Documents with respect to the Series A-B Notes, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series A-B Notes or (5) any other related matter.*

DTC will act as securities depository for the Series A-B Notes. The Series A-B Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Series A-B Note certificate will be issued for each Series and maturity of the Series A-B Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC. The Series A-B Notes 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 & 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 S&P's highest rating: "AAA." 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 A-B Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series A-B Notes 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 A-B Notes 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 A-B Notes except in the event that use of the book-entry system for the Series A-B Notes is discontinued.

To facilitate subsequent transfers, all Series A-B Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series A-B Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series A-B Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series A-B Notes 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 A-B Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series A-B Notes, such as redemptions, defaults and proposed amendments to the Authorizing Documents. For example, Beneficial Owners of Series A-B Notes may wish to ascertain that the nominee holding the Series A-B Notes 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 Issuing and Paying Agent 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 A-B Notes within a maturity of a Series 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 consent or vote with respect to the Series A-B Notes 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 A-B Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series A-B Notes 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 Issuing and 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 Issuing and 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 A-B Notes to Cede & Co., or to such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the City or the Issuing and 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 a Series of the Series A-B Notes at any time by giving reasonable notice to the City or the Issuing and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series A-B Note certificates representing such Series of the Series A-B Notes are required to be printed and delivered as provided in the Subordinate 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 a Series of the Series A-B Notes. In that event, Series A-B Note certificates representing such Series of the Series A-B Notes will be printed and delivered to DTC.

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APPENDIX B

FORM OF OPINIONS OF BOND COUNSEL

Hogan Lovells US LLP  
Bookhardt & O’Toole  
Denver, Colorado

City and County of Denver, Colorado  
City and County Building  
Denver, Colorado 80202

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Subordinate Commercial Paper Notes, Series A-B

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City and County of Denver, Colorado (the “**City**”), for and on behalf of its Department of Aviation (the “**Department**”), of its “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Commercial Paper Notes, Series A” (the “**Series A Commercial Paper Notes**”) and “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Commercial Paper Notes, Series B” (the “**Series B Commercial Paper Notes**,” and together with the Series A Commercial Paper Notes, the “**Series A-B Commercial Paper Notes**”). The Series A-B Commercial Paper Notes are authorized to be issued by Ordinance No. 549, Series of 1997, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 566, Series of 2003 (collectively, the “**Ordinance**”), and are to be issued pursuant to an Issuing and Paying Agency Agreement, dated as of January 1, 2011 (the “**Issuing and Paying Agency Agreement**”) between the City, for and on behalf of the Department, and Zions First National Bank (the “**Issuing and Paying Agent**”). All capitalized terms used and not otherwise defined herein shall have the same meanings set forth in the Issuing and Paying Agency Agreement.

The Series A-B Commercial Paper Notes are authorized in the Maximum Principal Amount of \$300,000,000, subject to certain limitations set forth in the Ordinance, and are issuable as fully registered notes, dated their respective dates of issuance, in minimum denominations of \$100,000 or additional increments of \$1,000. The Series A-B Commercial Paper Notes mature, bear interest, and are payable in the manner and upon the terms set forth therein and in the Ordinance and Issuing and Paying Agency Agreement.

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, 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 A-B Commercial Paper Notes, 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 A-B Commercial Paper Notes, the Ordinance, the Issuing and Paying

Agency Agreement, the form of the Master Certificates evidencing the Series A-B Commercial Paper Notes, and certificates of officers of the City (specifically with respect to the Series A Commercial Paper Notes a Tax Certificate) and of others delivered in connection with the issuance from time to time of the Series A-B Commercial Paper Notes.

We have not been engaged and have not undertaken to review the adequacy of the Net Revenues, Pledged Funds or other financial resources of the City, its ability to provide for payment of the Series A-B Commercial Paper Notes, or the accuracy, completeness or sufficiency of the Offering Memorandum or other offering material relating to the Series A-B Commercial Paper Notes, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance and Issuing and Paying Agency Agreement, certified proceedings, reports, certificates and other instruments (having assumed the genuineness of signatures, 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 authorize and adopt the Ordinance, execute and deliver the Issuing and Paying Agency Agreement, and authorize and issue the Series A-B Commercial Paper Notes for and on behalf of the Department.

2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Issuing and Paying Agency Agreement has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Issuing and Paying Agent, constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City, for and on behalf of the Department.

4. The Series A-B Commercial Paper Notes have been duly authorized by the City, for and on behalf of the Department, and when issued by the Issuing and Paying Agent in accordance with an Issuance Request delivered in compliance with the Issuing and Paying Agency Agreement, the Series A-B Commercial Paper Notes will be valid and binding special obligations of the City, for and on behalf of the Department, in accordance with their terms, payable solely from the sources provided therefor in the Ordinance and the Issuing and Paying Agency Agreement.

5. The Ordinance and the Issuing and Paying Agency Agreement create, 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 and Pledged Funds of the Airport System for the benefit of the Series A-B Commercial Paper Notes, subordinate to Senior Bonds (and any Obligations in respect thereof) and on a parity with the lien thereon of Subordinate Bonds (and any Subordinate Obligations) heretofore or hereafter issued or incurred by the City or by the City, for and on behalf of the Department.

6. The interest on the Series A Commercial Paper Notes is not includable in gross income for federal income tax purposes, except for any period during which such Series A Commercial Paper Notes are held by a person who is a “substantial user” of the Airport System or a “related person,” as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the “**Code**”). It should be noted, however, that interest on the Series A Commercial Paper Notes will be treated as an

item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations. The opinion set forth in the first sentence of this paragraph assumes compliance by the City with certain requirements of the Code that must be met subsequent to the issuance of the Series A Commercial Paper Notes. The City has covenanted to comply with such requirements. Failure to comply with such requirements could cause the interest on the Series A Commercial Paper Notes to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series A Commercial Paper Notes. We express no opinion herein regarding other federal tax consequences arising with respect to the Series A Commercial Paper Notes.

7. To the extent interest on the Series A Commercial Paper Notes 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 A Commercial Paper Notes, including whether interest on the Series A Commercial Paper Notes is exempt from taxation under the laws of any jurisdiction other than the State.

We also bring to your attention that the interest on the Series B Commercial Paper Notes is fully subject to federal income tax.

It is to be understood that the rights of the owners of the Series A-B Commercial Paper Notes and the enforceability of the Series A-B Commercial Paper Notes, the Ordinance and the Issuing and Paying Agency Agreement may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance and the Issuing and Paying Agency Agreement 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 interest on the Series A-B Commercial Paper Notes from the Net Revenues of the Airport System as provided therein.

We are advised that Barclays Bank PLC has issued an irrevocable direct-pay letter of credit (the "**Letter of Credit**") relating to the Series A-B Commercial Paper Notes. We express no opinion as to the validity or enforceability of such Letter of Credit, the protections afforded thereby, or any other matters pertaining thereto.

You may continue to rely upon this opinion as to Series A-B Commercial Paper Notes issued subsequent to the date of this opinion only to the extent that (i) subsequent to the date hereof, there is no change in existing law, regulation, or governmental agency guidance, or the interpretation of any of the foregoing; (ii) the City has complied with the covenants and conditions contained in the Ordinance and the Issuing and Paying Agency Agreement; (iii) the representations set forth in the City's Tax Certificate with respect to the Series A Commercial Paper Notes remain true and accurate, and the City otherwise remains in compliance with the Tax Certificate; (iv) we have not issued a new opinion subsequent to the date hereof as to the matters addressed herein; and (v) we have not expressly withdrawn this opinion with respect to the Series A-B Commercial Paper Notes proposed to be issued as evidenced by written notice of such withdrawal to the City and the Issuing and Paying Agent.

This opinion is issued as of the date hereof, and we assume no obligation to (i) monitor or advise you or any other person of any changes in the foregoing subsequent to the delivery hereof; (ii) update, revise, supplement or withdraw this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, regulation, or governmental agency guidance, or the interpretation

of any of the foregoing, that may hereafter occur, or for any other reason whatsoever; or (iii) review any legal matters incident to the authorization, issuance, and validity of the Series A-B Commercial Paper Notes, the exemption from federal or state income tax of the Series A Commercial Paper Notes, or the purposes to which the Series A-B Commercial Paper Notes proceeds thereof are to be applied, after the date hereof.

Respectfully submitted,

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