

In the opinion of Greenburg Traurig, LLP, Bond Counsel, under existing law, as currently enacted and construed, and assuming compliance with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds and with certain covenants described under the heading "TAX MATTERS" herein, interest on the Bonds is excludable from gross income of the owners of the Bonds for federal income tax purposes except for interest on any Bond for any period during which such Bond is held by a "substantial user" of one or more of the Projects or a "related person" within the meaning of Section 147(a) of the Code. Interest on the Bonds is an item of tax preference under the Code for purposes of determining the alternative minimum tax imposed on individuals and corporations. See "TAX MATTERS" herein.



\$189,065,000

**PUBLIC FINANCE AUTHORITY
REVENUE BONDS**

(DENVER INTERNATIONAL AIRPORT GREAT HALL PROJECT), SERIES 2017

Dated: Date of Delivery

Due: As shown on the inside cover

Public Finance Authority (the "Issuer"), a unit of government and body corporate and politic organized under the laws of the State of Wisconsin (the "State"), is issuing its Revenue Bonds (Denver International Airport Great Hall Project), Series 2017 (the "Series 2017 Bonds", or the "Bonds") pursuant to an Indenture of Trust dated as of December 1, 2017 (the "Indenture"), between the Issuer and Deutsche Bank Trust Company Americas, as trustee (the "Trustee").

The proceeds of the Series 2017 Bonds will be loaned to Denver Great Hall LLC, a Delaware limited liability company (the "Company"), pursuant to a Loan Agreement (the "Loan Agreement"), dated as of December 1, 2017, by and between the Issuer and the Company. The proceeds of the loan are expected to be used to (i) finance a portion of the costs relating to the design and construction of the Project (as described herein), which includes the design, construction, financing, operation and maintenance of certain specified areas within the Jeppesen Terminal at the Denver International Airport, Denver Colorado (the "Airport"), including the renovation and reconfiguration by the Company of a portion of the Great Hall at the Jeppesen Terminal of the Airport (the "Terminal"), (ii) fund the Bonds Interest Reserve Sub-Account, and (iii) pay certain costs of issuance related to the Series 2017 Bonds. The Issuer will, concurrently with the execution of the Loan Agreement, assign its right, title, and interest under the Loan Agreement, and the collateral under the Security Documents and other property comprising the trust estate under the Indenture to Deutsche Bank Trust Company Americas, as collateral agent (the "Collateral Agent"), as security for the Series 2017 Bonds.

The City and County of Denver, through and on behalf of its Department of Aviation (the "Owner"), has entered into the Development Agreement, dated as of August 24, 2017 (the "Development Agreement"), with the Company, pursuant to which, among other things, the Company has agreed to design, construct, finance, operate and maintain specified areas within the Terminal and develop, operate and manage a concessions program therein. The Development Agreement terminates on the 34th anniversary of the Financial Close Date, or upon its earlier termination in accordance with the terms thereof.

The Company has agreed to pay its obligations under the Loan Agreement and the Series 2017 Bonds from Project Revenues including revenues that it receives from the operation and maintenance of the assets and improvements to the Terminal designed, constructed, repaired, replaced and/or installed by the Company (the "Terminal Improvements"). Those revenues are comprised of monthly Supplemental Payments made by the Owner to the Company in accordance with the terms of the Development Agreement and its share of income received from the operation, implementation and management of a concessions program at the Terminal. The Series 2017 Bonds are secured by (i) all right, title, and interest of the Issuer (except for the Issuer's Reserved Rights as described herein) in and to the Loan Agreement, (ii) monies and obligations held by the Trustee under the Indenture (except monies held in the Rebate Fund, any Defeasance Escrow Account and any rebate fund established for Additional Parity Bonds as described herein), and (iii) certain Collateral (including pledged funds and accounts) held by the Collateral Agent, pursuant to the Collateral Agency Agreement, dated as of December 1, 2017, among the Company, the Collateral Agent and the Trustee (the "Collateral Agency Agreement"). The Collateral held by the Collateral Agent includes the Company's interest under the Development Agreement and under any future vendor contract and concession agreements entered into in connection with the Project. The Collateral also includes other security held under the documents and instruments more fully described herein, including the (i) Collateral Agency Agreement, (ii) Security Documents, and (iii) Direct Agreements. See "SECURITY FOR THE SERIES 2017 BONDS," and "THE PROJECT" herein.

The Series 2017 Bonds are being issued as fully registered bonds in denominations of \$5,000 or in integral multiples thereof. The Series 2017 Bonds will bear interest from their issuance date until their respective maturity or earlier redemption dates at the rates as shown on the inside cover hereof. Interest on the Series 2017 Bonds will be payable semi-annually on March 31 and September 30 of each year, commencing on March 31, 2018. Principal payments on the Series 2017 Bonds shall be payable semi-annually on March 31 and September 30 of each year, commencing on March 31, 2022. See "THE BONDS" herein. The Series 2017 Bonds are subject to optional, extraordinary, and mandatory redemption prior to their applicable final maturity, in whole or in part, as described herein. See "THE BONDS - Redemption" herein.

The Series 2017 Bonds will be issued in book-entry-only form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). The payment of the principal or Redemption Price of, and interest on the Series 2017 Bonds will be made by the Trustee directly to Cede & Co., as described herein. See "THE BONDS—Book-Entry-Only System" herein.

The Series 2017 Bonds are special limited revenue obligations of the Issuer payable solely from the payments made by the Company to the Issuer under the Loan Agreement and from the Trust Estate as described in the Indenture. None of the Issuer, any Member, any Sponsor, any Issuer Indemnified Person, the City and County of Denver, the Owner, the State of Colorado, the State or any political subdivision or agency thereof or any political subdivision approving the issuance of the Bonds will be obligated to pay the principal of, premium, if any, or interest thereon or any costs incidental thereto. The Bonds are not a debt of the State or any Member and do not, directly, indirectly or contingently, obligate in any manner any Member, the State or any political subdivision or agency thereof or any political subdivision approving the issuance of the Bonds to levy any tax or to make any appropriation for payment of the principal of, premium, if any, or interest on, the Bonds or any costs incidental thereto. Neither the faith and credit nor the taxing power of the City and County of Denver, the Owner, the State of Colorado, any Member, the State or any political subdivision or agency thereof or any political subdivision approving the issuance of the Bonds, nor the faith and credit of the Issuer or of any Sponsor or of the Issuer Indemnified Person, shall be pledged to the payment of the principal of, premium, if any, or interest on, the Bonds or any costs incidental thereto. The Issuer has no taxing power.

Investing in the Series 2017 Bonds is subject to numerous risks described in "RISK FACTORS" herein.

This cover page contains certain information for quick reference only. It is not a summary of the Series 2017 Bonds. Investors must read this Official Statement and appendices hereto in their entirety to obtain information essential to the making of an informed decision with respect to the Series 2017 Bonds.

The Series 2017 Bonds are being offered, subject to prior sale, withdrawal, or modification of the offer without notice and certain other conditions. Certain legal matters relating to the authorization and validity of the Series 2017 Bonds and the exclusion of the interest on the Series 2017 Bonds from gross income for federal income tax purposes will be subject to the approving opinion of Greenberg Traurig, LLP, as Bond Counsel. Certain legal matters will be passed upon for the Issuer by its counsel, von Briesen & Roper S.C., for the Company by its counsel, Gibson, Dunn & Crutcher LLP and Holland & Hart LLP, for the Owner by its special counsel, Nossaman LLP, and by the Kristin M. Bronson, Esq. City Attorney. Certain legal matters will be passed upon for the Underwriters by Ashurst LLP. It is expected that the Series 2017 Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about December 21, 2017.

Citigroup

**BofA Merrill Lynch
Loop Capital Markets**

**Goldman Sachs & Co. LLC
Morgan Stanley**

\$189,065,000
PUBLIC FINANCE AUTHORITY
REVENUE BONDS
(DENVER INTERNATIONAL AIRPORT GREAT HALL PROJECT), SERIES 2017

MATURITY SCHEDULE

\$ 1,605,000	5.000% Series 2017 Term Bond due September 30, 2022– Yield 2.350% (CUSIP 74442PFB6)**
\$ 1,365,000	5.000% Series 2017 Term Bond due September 30, 2023 – Yield 2.470% (CUSIP 74442PFC4)**
\$ 1,735,000	5.000% Series 2017 Term Bond due September 30, 2024 – Yield 2.590% (CUSIP 74442PFD2)**
\$ 2,105,000	5.000% Series 2017 Term Bond due September 30, 2025 – Yield 2.710% (CUSIP 74442PFE0)**
\$ 2,465,000	5.000% Series 2017 Term Bond due September 30, 2026 – Yield 2.780% (CUSIP 74442PFF7)**
\$ 2,885,000	5.000% Series 2017 Term Bond due September 30, 2027 – Yield 2.860% (CUSIP 74442PFG5)**
\$ 45,085,000	5.000% Series 2017 Term Bond due September 30, 2037 – Yield 3.300%* (CUSIP 74442PFH3)**
\$131,820,000	5.000% Series 2017 Term Bond due September 30, 2049 – Yield 3.420%* (CUSIP 74442PFJ9)**

(interest accrues from date of delivery)

* Priced at the stated yield to the September 30, 2027 optional redemption date at a Redemption Price of 100% of the principal amount thereof plus interest accrued to the date fixed for redemption without premium.

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Issuer

Public Finance Authority

Project Consultant

ICF SH&E, Inc.

Equity Participants

Ferrovial Airports Great Hall Partners LLC

S/JLC, LLC

Company's Counsel

Gibson, Dunn & Crutcher LLP

Holland & Hart LLP

Underwriters' Counsel

Ashurst LLP

Bond Counsel

Greenberg Traurig, LLP

Special Counsel to Denver International Airport

Nossaman LLP

City Attorney

Kristin M. Bronson, Esq.

Issuer's Counsel

von Briesen & Roper S.C.

Trustee

Deutsche Bank Trust Company Americas

Collateral Agent

Deutsche Bank Trust Company Americas

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No dealer, broker, salesman or other person has been authorized by the Company, the Issuer, the Underwriters or any other person described or contemplated herein to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Company, the Issuer or the Underwriters or any such other person. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be (i) any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale, or (ii) any offer, solicitation or sale to any person to whom it is unlawful to make such offer, solicitation or sale. The information set forth herein concerning DTC has been furnished by DTC, and no representation is made by the Company, the Issuer or the Underwriters as to the completeness or accuracy of such information. Neither the Underwriters, the Issuer, the Company nor any other person guarantees the accuracy or completeness of information contained herein and obtained from third party sources (and nothing contained herein will be construed as a representation in respect of such information), although the third party sources from which such information has been obtained by the Issuer and/or the Company are believed to be reliable by the Issuer and/or the Company, as applicable, with respect to information related to it. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sales made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Company, the Equity Participants or DTC (or any other information) since the date hereof.

This Official Statement is intended to reflect facts and circumstances on the date of this Official Statement or on such other date or at such other time as identified herein. No assurance can be given that such information will not be misleading at a later date. Consequently, reliance on this Official Statement at times subsequent to the date hereof should not be made on the assumption that any such facts or circumstances are unchanged.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Issuer has not prepared or assisted in the preparation of this Official Statement except with respect to the statements made under “PROJECT PARTICIPANTS—The Issuer” and “NO LITIGATION—The Issuer” herein and, except as aforesaid, the Issuer is not responsible for any statements made in this Official Statement. Except for the execution and delivery of documents required to effect the issuance of the Bonds, the Issuer has not otherwise assisted in the public offer, sale or distribution of the Bonds. Accordingly, except as aforesaid, the Issuer disclaims responsibility for the disclosures set forth in this Official Statement or otherwise made in connection with the offer, sale and distribution of the Bonds.

The Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Bonds or passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense. In making an investment decision, investors must rely on their own examination of the Company and the terms of the offering, including the merits and risks involved. Investors should carefully review the risks described under “RISK FACTORS” before making a decision to purchase the Bonds for a description of certain factors relating to an investment in the Bonds, including information about the Project and the Company. None of the Company, the Issuer or the Underwriters or any of their representatives or affiliates is making any representation regarding the legality of an investment by any investor under applicable investment or similar laws. Investors should not construe anything in this Official Statement as legal, business or tax advice and should consult with their own advisors as to the legal, tax, business, financial and related aspects of an investment in the Bonds.

The statements contained in this Official Statement, and in any other information provided by the Company or the traffic consultants, that are not purely historical, may be considered to be forward looking statements. Forward looking statements can be identified by the use of forward looking words such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “estimates” and “anticipates” or the negative terms or other comparable words, or by discussions of strategy, plans or intentions. Examples of forward looking statements contained in this Official Statement are statements that concern the Company’s or the Project’s future revenues, costs, traffic projections and liquidity. The forward looking statements contained herein are based on the Company’s

expectations and are necessarily dependent upon assumptions, estimates and data that it believes are reasonable as of the date made but that may be incorrect, incomplete, imprecise or not reflective of actual results. The Company does not undertake to update or revise any of the forward looking statements contained herein, even if it becomes clear that they will not be realized.

The order and placement of information in this Official Statement, including appendices, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the appendices, must be read in its entirety. The captions and headings in this Official Statement are for convenience purposes only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section of this Official Statement.

This Official Statement contains summaries of and references to documents that the Company believes to be accurate; however, reference is made to the actual documents for complete information. All such summaries and references are qualified in their entirety by such reference. ALL CAPITALIZED TERMS USED HEREIN BUT NOT OTHERWISE DEFINED HEREIN WILL HAVE THE RESPECTIVE MEANINGS ASCRIBED TO THEM IN THE DEFINITIONS SET FORTH IN APPENDIX A—“DEFINITIONS OF TERMS.”

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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INTRODUCTION

This Official Statement (including the cover page, the inside cover page, the Summary Statement, and the Appendices) is being distributed in connection with the offering and sale of \$189,065,000 aggregate principal amount of the Public Finance Authority Revenue Bonds (Denver International Airport Great Hall Project), Series 2017. Capitalized terms used herein unless otherwise defined herein have the meanings given to them in Appendix A – “DEFINITIONS OF TERMS.”

The Series 2017 Bonds are authorized to be issued under and pursuant to (i) Sections 66.0301, 66.0303 and 66.0304 of the Wisconsin Statutes, as amended, and (ii) the Indenture, dated as of December 1, 2017, by and between the Issuer and the Trustee. The Trustee will also serve as Paying Agent and Bond Registrar for the Series 2017 Bonds.

The Company, the Trustee, and Deutsche Bank Trust Company Americas, as collateral agent and securities intermediary, will enter into a Collateral Agency Agreement, dated as of December 1, 2017. The Collateral Agency Agreement provides that portions of the Trust Estate as security for the Series 2017 Bonds will be held by the Collateral Agent.

The proceeds from the sale of the Series 2017 Bonds are being loaned to the Company pursuant to a Loan Agreement, dated as of December 1, 2017, by and between the Issuer and the Company. The Issuer will, concurrently with the execution of the Loan Agreement, assign its right, title, and interest under the Loan Agreement, other property comprising the Trust Estate and the collateral under the Security Documents to the Collateral Agent, as security for the Series 2017 Bonds. The Company will be obligated under the Loan Agreement to make payments sufficient to pay the principal or Redemption Price of, and interest on, the Series 2017 Bonds, as and when the same become due.

The Company has agreed to pay its obligations under the Loan Agreement and the Series 2017 Bonds from Project Revenues, which are comprised of monthly Supplemental Payments that the Company is entitled to receive from the Owner pursuant to the Development Agreement based on the availability and operation of the Terminal Improvements, and revenues received from the operation, implementation and management of a Concessions Program in certain areas of the Terminal, among other funds.

The proceeds from the sale of the Series 2017 Bonds will be loaned to the Company and used to (i) finance a portion of the costs relating to the design and construction of the Project, (ii) fund the Bonds Interest Reserve Sub-Account with an amount equal to capitalized interest due on the Series 2017 Bonds until the Scheduled Project Substantial Completion Date, and (iii) pay certain costs of issuance related to the Series 2017 Bonds.

SUMMARY

This Summary Statement is subject in all respects to more complete information contained in this Official Statement and should not be considered a complete statement of the facts material to making an investment decision. The offering of the Series 2017 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used in this Summary Statement and not defined in this Summary Statement will have the respective meanings given to such terms in Appendix A – “DEFINITIONS OF TERMS” or as otherwise defined elsewhere in this Official Statement.

The Owner The Owner is the City and County of Denver (the “**City**”), through and on behalf of its Department of Aviation (the “**Department**”). The City is a political subdivision of the State of Colorado. 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. Denver International Airport (the “**Airport**”) is the primary asset of the Airport System. The City by ordinance has designated the Department as an “enterprise” within the meaning of the State of Colorado constitution with the authority to issue its own revenue bonds or other financial obligations in the name of the City. The Series 2017 Bonds are not obligations of the City or Department. See "PROJECT PARTICIPANTS—The Owner," and Appendix G—"CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT."

The Company..... The developer for the Project is Denver Great Hall LLC, a Delaware limited liability company (the “**Company**”). The Company is a direct, wholly-owned subsidiary of Denver Great Hall Holdings LLC, a Delaware limited liability company (“**HoldCo**”), and an indirect subsidiary of each of Ferrovial Airports Great Hall Partners LLC (an indirect subsidiary of Ferrovial Airports International, Ltd) and S/JLC, LLC a joint venture between Saunders Concessions, LLC, an affiliate of Saunders Construction, LLC, and JLC Great Hall LLC, a wholly-owned subsidiary of JLC Infrastructure Fund I L.P. See “PROJECT PARTICIPANTS—The Equity Participants.”

Sources of Funds..... The proceeds of the Series 2017 Bonds will be loaned to the Company pursuant to the Loan Agreement, dated as of December 1, 2017, between the Issuer and the Company (the “**Loan Agreement**”) and will be immediately deposited in the Construction Proceeds Account held with the Collateral Agent to (1) pay certain costs of issuance of the Bonds, (2) pay a portion of the Project Costs, and (3) fund the Bonds Interest Reserve Sub-Account with an amount equal to capitalized interest expected to be due on the Series 2017 Bonds in respect of the period from the date of issuance until the Scheduled Substantial Completion Date.

Total Project construction costs of the Company are estimated to be approximately \$650 million. Construction costs for the Project are expected to be funded from the proceeds of the issuance of the Series 2017 Bonds, equity contributions from Equity Participants, Progress Payments received from the Owner and any Company Concessions Revenue received prior to the Project Substantial Completion Date.

Project Revenues The principal of, interest on and Redemption Price, if any, of the Series 2017 Bonds is expected to be repaid with Company’s Project Revenues, including with Supplemental Payments received from the Owner and certain of the Company Commercial Revenue, among other funds. See “THE PROJECT”

and “PROJECTED SOURCES AND USES OF FUNDS AND PROJECTED FINANCIAL INFORMATION.”

Progress Payments and Supplemental Payments payable by the Owner are payable from the “City and County of Denver, Airport System Fund” created under the Bond Ordinance (the “**Airport System Fund**”). The availability of funds from the Airport System Fund is subject to certain terms of the Bond Ordinance, the General Subordinate Bond Ordinance, the General Junior Lien Bond Ordinance and the Supplemental Junior Lien Bond Ordinance. The Company expects the Supplemental Payments to be its primary source of Project Revenues from which to pay its obligations under the Loan Agreement, the Series 2017 Bonds and Additional Senior Obligations. See “PROJECTED SOURCES AND USES OF FUNDS AND PROJECTED FINANCIAL INFORMATION—Overview of Projected Financial Information,” Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Payments to the Company—*Supplemental Payments*” and Appendix J—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE, GENERAL SUBORDINATE BOND ORDINANCE AND GENERAL JUNIOR LIEN BOND ORDINANCE.”

THE OFFERING

<i>Securities Offered</i>	Public Finance Authority Revenue Bonds (Denver International Airport Great Hall Project), Series 2017 in the aggregate principal amount of \$189,065,000 (the “ Series 2017 Bonds ”) are being issued as fully registered bonds in denominations of \$5,000 and integral multiples thereof. See “THE BONDS—General.”
<i>Issuer</i>	The Public Finance Authority, a unit of government and a body corporate and politic separate and distinct from the State. See “PROJECT PARTICIPANTS—The Issuer.”
<i>Limited Obligations</i>	The Bonds will not constitute a debt or a pledge of the faith and credit of the State, the State of Colorado, the City and County of Denver or the Owner. The indebtedness of the Company created under the Loan Agreement and the Bonds do not constitute an indebtedness of the State, the State of Colorado, the City and County of Denver or the Owner or their political subdivisions and does not involve and is not secured by the faith, credit or taxing power of the State, the State of Colorado, the City and County of Denver or the Owner or their political subdivisions. See “THE BONDS—Limited Obligations.”
<i>Interest</i>	The Bonds will bear interest from the date of issuance at the fixed rate or rates as shown on the inside cover of this Official Statement. Interest on the Bonds will be calculated on the basis of a 360-day year comprising twelve 30-day months.
<i>Interest Payment Dates</i>	Interest will be payable semi-annually in arrears on March 31 and September 30 of each year or, if such date does not fall on a business day, on the following business day, commencing on March 31, 2018, until maturity or prior redemption.
<i>Maturity Dates</i>	The maturity date or dates set forth on the inside cover of this Official Statement.

Optional Redemption..... On or after September 30, 2027 the Issuer may optionally, upon written request of the Company to the Trustee, redeem the Bonds. The Company may direct the Trustee to redeem the Bonds of specific maturities as designated by the Company. See "THE BONDS—Redemption—*Optional Redemption*."

Mandatory Redemption..... The Bonds maturing on September 30, 2022, September 30, 2023, September 30, 2024, September 30, 2025, September 30, 2026, September 30, 2027, September 30, 2037 and September 30, 2049 respectively, will be subject to mandatory redemption prior to maturity. Such Bonds will be redeemed without notice from the Company (or, if not applicable, by lot) and in accordance with the arrangements with DTC. See "THE BONDS—Redemption—*Mandatory Redemption*."

Extraordinary Mandatory Redemption..... The Bonds may be subject to extraordinary mandatory redemption on a pro rata basis (or, if not applicable, by lot) at a Redemption Price of par, plus accrued interest to, but not including the redemption date, (which will be the date occurring five years after the date of issuance of the Bonds (as such date may be extended with an approving opinion of Bond Counsel) or as otherwise required by applicable tax rules and regulations in respect of the completion of the Project), in the principal amount of any remaining unspent Bond proceeds on such date (rounded upward to a multiple of \$5,000); provided that the amount of such redemption, if any, will be determined based on the amount required in the opinion of Bond Counsel obtained by the Company as necessary to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes. A notice of redemption as specified in the Indenture is not required for an extraordinary mandatory redemption from unspent Bond proceeds; provided, however, each Beneficial Owner of the Bonds to be redeemed is required to be notified 5 business days prior to any such redemption or (if the Bonds are held by DTC) otherwise in accordance with the applicable notice requirements of DTC.

The Bonds may be subject to extraordinary mandatory redemption, in whole or in part, at a Redemption Price of par plus accrued interest to, but not including, the date fixed for redemption, for which the notice of redemption is given within 30 days of receipt of any Termination Compensation by the Collateral Agent in an amount equal to the portion of Termination Compensation that is available for the payment of the Redemption Price. For more information regarding Termination Compensation, see "THE PRINCIPAL PROJECT AGREEMENTS—The Development Agreement—*Termination Rights; Effects of Termination*."

The Bonds may be subject to extraordinary mandatory redemption, in whole or in part, at the Amortized Redemption Price (or, with respect to any Original Issue Discount Bonds or Capital Appreciation Bonds, at the Accreted Redemption Price) in the amount of any net property damage insurance proceeds received by the Company, to the extent that such proceeds exceed the amount required to restore the Project or any portion thereof to the condition required by the Development Agreement or to the condition existing prior to the event of loss or the affected property cannot be restored or is not required, pursuant to the terms of the Development Agreement and the Financing Documents, to be restored, and the Company elects not to do so.

See "THE BONDS—Extraordinary Mandatory Redemption."

Indenture..... The Bonds will be issued pursuant to an Indenture, dated as of December 1, 2017, between the Issuer and Deutsche Bank Trust Company Americas, as

the Trustee. See “FINANCING FOR THE PROJECT—Senior Debt—*Indenture.*”

Ratings..... Although the Company originally looked to obtain preliminary ratings for the Series 2017 Bonds from three rating agencies, it ultimately pursued a preliminary rating from two rating agencies. Fitch has assigned an expected investment grade rating of “BBB” to the Series 2017 Bonds and S&P has assigned an expected investment grade rating of “BBB-” to the Series 2017 Bonds. The delivery of an at least equivalent final rating from each such rating agency is a condition to the issuance of the Series 2017 Bonds. These ratings are not a recommendation to buy, sell or hold the Series 2017 Bonds and are subject to revision or withdrawal at any time by the rating agencies. See “RATINGS.”

The Company has agreed to use commercially reasonable efforts to enter into, maintain and comply with a reasonable and customary "rating surveillance" agreement with at least one NRSRO with respect to the rating of the Series 2017 Bonds.

Book-Entry-Only System..... DTC will act as the securities depository for the Bonds. The Bonds will be issued as fully-registered securities in the name of Cede & Co., DTC’s partnership nominee or such other name as may be requested by an authorized representative of DTC. See “THE BONDS—Book-Entry-Only System.”

THE PROJECT

Development Agreement..... Pursuant to the Development Agreement, dated August 24, 2017, between the Owner and the Company, the Owner has granted the Company an exclusive right to design, construct, finance, operate and maintain certain specified areas within the Jeppesen Terminal at the Airport (the “**Project**”). The Project includes, among other things, (i) the renovation and reconfiguration of certain areas of the Great Hall at the Jeppesen Terminal, and (ii) the right to develop, operate, implement and manage a concessions program and concessions in the Terminal (the “**Concessions Program**”).

Pursuant to the Development Agreement, the Owner is required to pay Progress Payments to the Company on a monthly basis in arrears beginning after the issuance of a written notice issued by the Owner to the Company authorizing the Company to proceed with design work (other than the Early Design Work) (a “NTP 1”). The amount of each Progress Payment will equal the total amount payable by the Company to the Contractor for the design and construction work performed in the relevant month, multiplied by 73.73%. The Progress Payments are intended to cover \$479,245,000 (the “**Maximum Progress Payment Amount**”) of the total D&C Contract Amount of \$650,000,000.

The Development Agreement obligates the Company to operate, maintain and repair the Project, in accordance with its terms and conditions. From the Project Substantial Completion Date to the Termination Date, the Owner has agreed to pay monthly Supplemental Payments to the Company. Payment by the Owner of Supplemental Payments will be subject to the Terminal Improvements being available for the applicable Airport activities and may be reduced based on deductions associated with the failure by the Company to perform the operation and maintenance services in accordance with certain minimum requirements set forth in the Development Agreement and described herein. The Supplemental Payments are expected to total an aggregate of \$1,107,635,654.58, subject to any deductions by the Owner for performance failures under the Development Agreement, as applicable. See

“THE PRINCIPAL PROJECT AGREEMENTS—The Development Agreement—*Payments to the Company—Supplemental Payments.*” The Supplemental Payments are secured by a Junior Lien Contract Obligation of the Owner, payable from the Great Hall Junior Lien Obligation Account established by the Supplemental Junior Lien Bond Ordinance. See “SECURITY FOR THE BONDS—General Junior Lien Bond Ordinance and Supplemental Junior Lien Bond Ordinance—*Supplemental Junior Lien Bond Ordinance.*”

Subject to limited exceptions, the Company will have the exclusive right to enter into concessions agreements with Concessionaires in the Terminal and to collect Concessions Revenues paid by such Concessionaires under the Concessions Program. The Concessions Program will run from the date that the first Concessions Functional Area achieves Functional Area Readiness to the Termination Date. The Company will keep 20% of such Concessions Revenue (the “**Company Concessions Revenue**”) and will remit 80% of such Concessions Revenue to the Owner. See “THE PRINCIPAL PROJECT AGREEMENTS—The Development Agreement—*Commercial Revenue*” and “PROJECTED SOURCES AND USES OF FUNDS AND PROJECTED FINANCIAL INFORMATION—Overview of Projected Financial Information.”

The Development Agreement will expire on the 34th anniversary of the Financial Close Date, subject to earlier termination in accordance with its terms, including upon the occurrence of certain termination events. See “THE PRINCIPAL PROJECT AGREEMENTS—The Development Agreement—*Termination Rights; Effect of Termination.*”

Construction

Substantially all of the design and construction obligations for the Project will be undertaken by Ferroviol Agroman West, LLC, a Delaware limited liability company (the “**Contractor**”), pursuant to the Design and Construction Contract between the Company and the Contractor, dated as of July 26, 2017 on a lump sum, fixed price basis. The scope of the work covered by the Design and Construction Contract includes all design and construction work related to the Project required by the Development Agreement, any work necessary to correct defects and certain operations and maintenance work during construction (the “**D&C Contractor Work**”), subject to certain exclusions (the “**Excluded Work**”). The Excluded Work includes, among other things: (i) finishes, Mechanical, Electrical and Plumbing (“**MEP**”) and Furniture, Fixtures and Equipment (“**FF&E**”) of Concessions Spaces, (ii) any operations and maintenance work after Concession Space Readiness (unless related to applicable punch list items or governmental approvals related thereto), and (iii) any other work expressly excluded by the Design and Construction Contract. The parties to the Design and Construction contract expect to enter into an amendment to the same on or prior to the Financial Close Date. See “THE PRINCIPAL PROJECT AGREEMENTS—The Design and Construction Contract—*Proposed Amendments.*”

As specified in the Design and Construction Contract, the Contractor will assume responsibility for all costs and risks arising from the performance of the D&C Contractor Work and, on a back to back basis, comply with all of the Company’s obligations and liabilities set forth in the Development Agreement related to the D&C Contractor Work. An affiliate company guaranty from Ferroviol US Construction Corp., guaranteeing all of the obligations of the Contractor under the Design and Construction Contract has been provided to the Company, subject to certain overall liability limits described herein and in the Design and Construction Contract. See “THE

PRINCIPAL PROJECT AGREEMENTS—The Design and Construction Contract.” The Contractor is obligated to deliver to the Company a performance bond in the amount of 50% of the Contract Price and a payment bond in the amount of 50% of the Contract Price as a condition to the commencement of the design work and the Owner’s issuance of NTP 1, and as security for the faithful and timely performance of the D&C Contractor Work and its other obligations under the Design and Construction Contract.

The Contractor has sub-contracted the D&C Contractor Work to Great Hall Builders LLC, a joint venture between the Contractor and Saunders Construction, LLC, a wholly-owned subsidiary of Saunders Construction, Inc. The D&C Contractor Work will be carried out by Great Hall Builders LLC. The Contractor and Great Hall Builders LLC entered into that certain Design Build Contract, dated July 26, 2017. The subcontracting arrangement does not diminish, alter or change the obligations of the Contractor pursuant to the Design and Construction Contract with the Company. Saunders Construction, Inc. wholly owns both Saunders Construction, LLC and Saunders Concessions, LLC which entity is a member of S/JLC, LLC. S/JLC, LLC is an Equity Participant.

FINANCING FOR THE PROJECT

Senior Debt.....

Initially, the Bonds will be the sole Senior Obligations to be incurred in connection with the financing of the Project. Pursuant to the Indenture, all of the proceeds of the Bonds are to be loaned by the Issuer to the Company in accordance with and subject to the terms of the Loan Agreement. In order to secure the payment of the principal and Redemption Price of and interest on the Bonds, the Issuer will, concurrently with the execution of the Loan Agreement, pledge and assign to the Trustee all its rights to and under the Loan Agreement (except for the Reserved Rights), the Collateral and the other property comprising the Trust Estate. Pursuant to the Loan Agreement, the Company has consented to this pledge by the Issuer and has agreed to make or cause to be made loan payments directly to the Trustee without defense or set-off by reason of any dispute between the Company and the Trustee. See “FINANCING FOR THE PROJECT—Senior Debt.”

Additional Senior Obligations.....

The Loan Agreement permits, subject to the satisfaction of certain requirements, including compliance with certain financial ratios, the Company to incur Additional Senior Obligations to be equally and ratably secured under the Security Documents with all other then outstanding Senior Obligations (including the Bonds) of the Company, without preference, priority or distinction of any such particular Senior Obligation over any other such Senior Obligation, solely for the following purposes: (i) to complete construction of the Project, (ii) to comply with obligations under the Principal Project Contracts, (iii) to refurbish, upgrade, modify, expand or add to the Project, (iv) to refinance, replace or refund all or part of any then outstanding Secured Obligations (including the Series 2017 Bonds), (v) to satisfy, in whole or in part, the Debt Service Reserve Required Balance or the Major Maintenance Reserve Required Balance, so long as such Additional Senior Obligations are in the form of a Recourse Acceptable Letter of Credit, and (vi) to add to, refinance or replace the existing Senior Obligations for the purpose of making distributions from the Distribution Account in accordance with the Distribution Conditions, or for any combination of such purposes.

If the Company incurs any Additional Senior Obligations other than Additional Parity Bonds, the Trustee on behalf of the Beneficial Owners, the Collateral Agent, the Intercreditor Agent and the Senior Creditor Representative in respect of such Additional Senior Obligations is required to execute an Intercreditor Agreement as described herein. See “SECURITY FOR THE BONDS—Terms of the Intercreditor Agreement.”

See “FINANCING FOR THE PROJECT—Senior Debt—*Loan Agreement—Special Covenants of the Company* —Additional Senior Obligations.”

Distribution Conditions.....

Pursuant to the Collateral Agency Agreement, the Company may not make distribution payments from the Distribution Account to any of its Equity Members unless the following conditions have been satisfied as of a given Distribution Date:

- (i) all transfers and distributions required to be made as described in the Flow of Funds on or prior to such Distribution Date have been satisfied in full (including, (a) if such Distribution Date is not also a Payment Date, the required transfers to the Bonds Debt Service Interim Payment Sub-Account or any other sub-account of the Debt Service Payment Account and (b) if such Distribution Date is not also a Calculation Date, the Major Maintenance Reserve Account and each sub-account of the Debt Service Reserve Account are funded with an amount equal to the Major Maintenance Reserve Required Balance and the Debt Service Reserve Required Balance respectively calculated as of the most recent preceding Calculation Date, less any amounts spent for Major Maintenance Costs and Required Capital Expenditures pursuant to the Collateral Agency Agreement);
- (ii) no default or Event of Default has occurred and is continuing;
- (iii) Project Substantial Completion has been achieved; and
- (iv) the Company provides a written certification that (a) for the Calculation Period ending on such Distribution Date, the Senior Debt Service Coverage Ratio as of the last date of such Calculation Period was 1.10 to 1.00 or greater and (b) for the Calculation Period ending on the twelve-month anniversary of such Distribution Date, the Projected Senior Debt Service Coverage Ratio is 1.10 to 1.00 or greater;

and the Company delivers to the Collateral Agent and the Trustee a Funds Transfer Certificate which specifically certifies that these conditions have been met as of such Distribution Date. If on any Distribution Date, these conditions have not been satisfied, any amounts available after payment in full of the amounts described in clauses first through tenth of the Flow of Funds will remain on deposit in the Proceeds Account.

See “PROJECT ACCOUNTS AND FLOW OF FUNDS—Project Accounts—*Description of the Project Accounts—Distribution Account*” and “FINANCING FOR THE PROJECT—Senior Debt—*Loan Agreement—Special Covenants of the Company—Distributions*.”

Equity Financing.....

Pursuant to an Equity Contribution Agreement, to be entered into on the Financial Close Date, among the Equity Participants, HoldCo and the Company, each Equity Participant commits and undertakes to make capital

contributions to the Company in an aggregate amount not to exceed such Equity Participants' Aggregate Capital Commitment. From time to time, in the event that the Company has no other sources of funds necessary for the payment of Project Costs or the satisfaction of its obligations under the Transaction Documents, (i) Ferroviair Airports Great Hall Partners LLC will make a Base Capital Contribution to the Company, and (ii) S/JLC, LLC will make a Base Capital Contribution to the Company, in each case, in the amount set forth in the applicable contribution notice, which will be an amount at least equal to the applicable unfunded Project Costs or other amounts due under the Transaction Documents as set forth in such notice (and, for the avoidance of doubt, upon the Project Substantial Completion Date, any unfunded portion of the Debt Service Reserve Required Balance and the Major Maintenance Reserve Required Balance shall be considered an unfunded Project Cost for the purpose of this paragraph), but in no event in an amount greater than the Remaining Base Commitment Amount of the relevant Equity Participant. Each such Base Capital Contribution will be made on a pro rata basis in an amount equal to the percentage interest of the applicable Equity Participant multiplied by the amount set forth in the relevant contribution notice. The Contingent Capital Commitment is available in certain circumstances if the Company Concessions Revenues generated by the Project during the Construction Period are below a projected amount. From time to time, in the event that (i) Project Costs (other than any development fee of the Equity Participants or their affiliates) or other amounts due under the Transaction Documents are due and payable by the Company (and, for the avoidance of doubt, upon the Project Substantial Completion Date, any unfunded portion of the Debt Service Reserve Required Balance and the Major Maintenance Reserve Required Balance shall be considered due and payable for the purpose of this paragraph), (ii) the Company has no other sources of funds (including Base Capital Commitment, available funds in the Construction Proceeds Account (and sub-accounts thereof) or the Operating Account or otherwise) necessary for the payment of such Project Costs or the satisfaction of such obligations under the Transaction Documents; and (iii) the cumulative amount of Company Concessions Revenue received by the Company as of the most recently ended quarterly period is less than the cumulative amount projected by the Company as of the Financial Close Date, each Equity Participant will make a Contingent Capital Contribution to the Company, in each case, in an amount equal to such Equity Participant's respective percentage interest in any insufficiency, but in no event in an amount greater than its Remaining Contingent Commitment Amount.

The Aggregate Capital Commitment of each Equity Participant will be the sum of its Base Capital Commitment and its Contingent Capital Commitment as set out in the table below. Each Equity Participant is required to provide a Non-Recourse Acceptable Letter of Credit, or cash collateral, as of any relevant date of determination, at least equal to (A) such Equity Participant's Aggregate Capital Commitment less (B) the cumulative amount of all capital contributions previously made by such Equity Participant. It is anticipated that a Capital Contributions Letter of Credit will be provided for Ferroviair Airports Great Hall Partners LLC and for S/JLC, LLC, in each case, in the amounts of such entities' respective Aggregate Capital Commitment by an institution that has a rating no lower than 'A-' or the equivalent rating from any NRSRO of its unsecured, uncredit enhanced, senior long term indebtedness.

The pro rata portion of the Aggregate Capital Commitment of each Equity Participant is set out below:

Equity Participant	Base Capital Commitment	Contingent Capital Commitment	Aggregate Capital Commitment
Ferrovial Airports Great Hall Partners LLC	\$55,556,042	\$3,045,348	\$58,601,389
S/JLC, LLC	\$13,889,010	\$761,337	\$14,650,347
Total	\$69,445,052	\$3,806,685	\$73,251,737

Any Capital Contributions Security Instrument of any Equity Participant will terminate or be released by its terms upon the earliest of (i) the date on which the Collateral Agency Agreement has been terminated in accordance with the terms thereof, (ii) the Project Substantial Completion Date (or such later date on which any Equity Participant funding obligations required to be performed by such Equity Participant under the Equity Contribution Agreement have been performed) and (iii) the date on which capital contributions in an aggregate amount equal to the Aggregate Capital Commitment of each Equity Participant have been made in accordance with the Equity Contribution Agreement.

See “FINANCING FOR THE PROJECT—Equity Contributions” and “RISK FACTORS—Risks Relating to Construction of the Project—*The Company’s failure to receive Progress Payments from the Owner, funds from an Equity Participant or Company Concessions Revenues prior to Project Substantial Completion may adversely affect the ability of the Company to complete the construction of the Project which, in turn, may limit the ability of the Company to satisfy its payment obligations pursuant to the Loan Agreement, thereby adversely affecting the repayment of the Bonds.*”

SECURITY FOR THE SECURED OBLIGATIONS

Collateral The payment of the obligations in respect of the Bonds and any Additional Senior Obligations will be secured by the Trust Estate, which includes the Collateral that is comprised of (1) all tangible and intangible personal and real property interests of the Company, all material contracts and all other rights of the Company in or related to the Project (to the extent permitted and except as otherwise expressly provided), including, but not limited to, the following (i) all of the Project Revenues, (ii) the Company's interest under the Development Agreement in the Project and under any future vendor contracts and concession agreements entered into in connection with the Project, (iii) the Company's interest under the Design and Construction Contract and any Design-Build Guaranty related thereto; (iv) the Company's right, title and interest in all Project Accounts (other than the Distribution Account) and any other bank accounts of the Company that may be established as permitted by the Financing Documents, (v) all assignable permits and other governmental approvals related to the Project, (vi) proceeds of insurance policies or condemnation proceedings to the extent not used to repair or rebuild the Project and permitted under the Development Agreement, (vii) proceeds of any litigation or other proceedings, and (viii) the proceeds of the foregoing; provided that (A) the proceeds of the Bonds,

the amount on deposit in the Bonds Sub-Account, the Bonds Interest Reserve Sub-Account, the Costs of Issuance Sub-Account, the Bonds Debt Service Interim Payment Sub-Account and the 2017 Bonds Debt Service Reserve Sub-Account shall be for the sole benefit of the Beneficial Owners of the Bonds, and (B) the amounts on deposit in any sub-accounts of the Construction Proceeds Account opened for Additional Senior Obligations (including any reserve accounts or interim payment accounts) and any sub-accounts of the Debt Service Reserve Account opened for Additional Senior Obligations, shall be for the sole benefit of the applicable Additional Senior Obligations in accordance with the relevant terms of the applicable Additional Financing Documents, and (2) any and all Equity Interests (numbers (1), and (2) above, collectively, the “Collateral”).

***Project Accounts and
Flow of Funds***

The Project Accounts will be established under the Collateral Agency Agreement in the name of the Company and pledged to the Collateral Agent. Proceeds from the Bonds will be deposited directly to certain sub-accounts of the Construction Proceeds Account, to be disbursed periodically upon the satisfaction by the Company of certain requirements set forth in the Collateral Agency Agreement. Except for amounts to be deposited in other Project Accounts pursuant to the Collateral Agency Agreement, all revenues generated from the Project will be deposited into the Proceeds Account. The Collateral Agent will make withdrawals, transfers and payments from the Proceeds Account in the amounts, at the times, for the purposes and in the order of priority set forth in the Collateral Agency Agreement, in each case, to the extent of available cash at such time. See “PROJECT ACCOUNTS AND FLOW OF FUNDS—Project Accounts” and “PROJECT ACCOUNTS AND FLOW OF FUNDS—Flow of Funds.”

Reserve Accounts.....

As part of the Project Accounts, there will be established in the name of the Company the Debt Service Reserve Account, the Major Maintenance Reserve Account and the Bonds Interest Reserve Sub-Account.

The Bonds Interest Reserve Sub-Account will be funded on the Closing Date with Series 2017 Bond proceeds in an amount equal to \$37,287,819.45, which amount is equal to the anticipated interest due on the Bonds prior to the Scheduled Project Substantial Completion Date. Funds on deposit in the Bonds Interest Reserve Sub-Account may only be used to pay interest in respect of the Bonds at any time and from time to time for a period up to that permitted under applicable laws of the State, the Code and U.S. Treasury regulations. The Company will not be required to replenish any amounts withdrawn from the Bonds Interest Reserve Sub-Account. Any unused balance in the Bonds Interest Reserve Sub-Account on the Project Substantial Completion Date will be transferred to the Proceeds Account to the extent permitted by applicable law of the State, the Code and U.S. Treasury regulations.

The 2017 Bonds Debt Service Reserve Sub-Account will be funded by the Company (or directly funded by the Equity Participants under the terms of the Equity Contribution Agreement), to the extent of available funds, on the Project Substantial Completion Date so that the amounts on deposit in such account are equal to at least the Debt Service Reserve Required Balance. Funds on deposit in the applicable sub-account of the Debt Service Reserve Account may be used to pay Senior Debt Service, to satisfy certain hedging obligations in accordance with the Flow of Funds and, in connection with any Enforcement Action, for the other purposes set forth in the Collateral Agency Agreement. The failure by the Company to deposit the required funds in any applicable sub-account of the Debt Service Reserve Account to meet the required balance due to an insufficiency of Project Revenues and

the unavailability of other sources of funding therefor will not be considered to be a Default or an Event of Default. The Debt Service Reserve Account will be subsequently funded semi-annually on each Calculation Date, to the extent necessary to maintain the applicable Debt Service Reserve Required Balance. The Company will not be required to fund any deficiencies in the required balance of the Debt Service Reserve Account prior to making quarterly distributions from the Distribution Account on any Distribution Date (that is not also a Calculation Date) on which the applicable Distribution Conditions are met. See “PROJECT ACCOUNTS AND FLOW OF FUNDS—Project Accounts—*Description of the Project Accounts—Distribution Account.*”

The Major Maintenance Reserve Account will be funded, to the extent of available funds, by the Company (or directly funded by the Equity Participants under the terms of the Equity Contribution Agreement) commencing on the Project Substantial Completion Date so that the amounts on deposit in such account, to the extent of available funds, are at least equal to the Major Maintenance Reserve Required Balance. Funds on deposit in the Major Maintenance Reserve Account may be used to pay Major Maintenance Costs and/or Required Capital Expenditures in accordance with the Flow of Funds. The failure by the Company to deposit the required funds on the Major Maintenance Reserve Account to meet the required balance due to an insufficiency of Project Revenues and the unavailability of other sources of funding therefor will not be considered to be a Default or an Event of Default.

The Company will also be permitted under the Collateral Agency Agreement to substitute for all or any portion of the cash or Permitted Investments on deposit or to be deposited into the reserve accounts, other than reserve accounts funded with proceeds of the Bonds, one or more Acceptable Letters of Credit. See “PROJECT ACCOUNTS AND FLOW OF FUNDS—Project Accounts.”

MISCELLANEOUS

***Risk Factors*.....**

Certain risks could affect the payments to be made with respect to the Bonds or the market value of the Bonds. See “RISK FACTORS” for a discussion of such risks. Such discussion is not exhaustive, should be read in conjunction with all other parts of this Official Statement and the documents incorporated by reference in this Official Statement, and should not be considered as a complete description of all risks that could affect such payments or the market value of the Bonds. Investors should carefully consider the information set forth in such section along with all of the other information provided herein or incorporated by reference in this Official Statement and additional information in the form of the complete documents summarized herein (copies of which are available as described in this Official Statement) before deciding whether to invest in the Bonds.

***Consultants Reports***

ICF SH&E, Inc. (“ICF”) was engaged to prepare the Project Consultant report related to the Bonds (the “**Project Consultant Report**”) on behalf of the Company and provide projections and forecasts of the volume of passengers, operating cash flows and EBITDA to assist the Company in evaluating the market, performing project analysis, and financial projections used to develop the business plan for the Project. Reference is hereby made to the entire Project Consultant Report for all such opinions, projections, qualifications and assumptions. See “CONSULTANTS REPORTS—Project Consultant Report (ICF).”

Infrata Limited was engaged to prepare the Lender's Technical Advisor Report, which reviewed certain Project risks. Reference is hereby made to the entire Lender's Technical Advisor Report for all related opinions, projections, qualifications and assumptions. See “CONSULTANTS REPORTS—Technical Advisor Report (Infrata).”

THE BONDS

General

The Bonds are being issued in the aggregate principal amount as set forth on, and will mature in the amounts and on the date or dates indicated on the inside cover of this Official Statement and will be subject to redemption prior to maturity as described below. The Bonds are being issued as fully registered bonds in denominations of \$5,000 and integral multiples thereof. The Bonds will be issued in book-entry form pursuant to the book-entry-only system described herein. Except for limited circumstances noted in the Indenture, Beneficial Owners of the Bonds will not receive physical delivery of any Bond certificates.

The Bonds will be dated their date of initial delivery and will bear interest at the fixed rate or rates per year set forth on the inside cover of this Official Statement.

Interest on the Bonds will be payable semi-annually on March 31 and September 30 of each year or, if such date does not fall on a Business Day, on the following Business Day, commencing on March 31, 2018, until maturity or prior redemption. Interest on the Bonds will be calculated on the basis of a 360-day year comprising twelve 30-day months.

The Issuer and the Trustee will treat and consider the person in whose name each Bond is registered in the registration books kept by the Trustee as the Beneficial Owner of such Bond for the purpose of receiving payment of, or on account of, the principal or Redemption Price thereof and interest due on such Bond, giving notices of redemption and other matters with respect to such Bond, registering transfers with respect to such Bond and for all other purposes contemplated by the Indenture or the Bond. See "—Book-Entry-Only System."

Limited Obligations

The Bonds will bear the following legend:

THIS BOND IS A SPECIAL LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE (AS DEFINED IN THE INDENTURE) AND, EXCEPT FROM SUCH SOURCE, NONE OF THE ISSUER, ANY MEMBER (AS DEFINED IN THE INDENTURE), ANY SPONSOR (AS DEFINED IN THE INDENTURE), ANY ISSUER INDEMNIFIED PERSON (AS DEFINED IN THE INDENTURE), THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE BONDS SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST HEREON OR ANY COSTS INCIDENTAL HERETO. THIS BOND IS NOT A DEBT OF THE STATE OF WISCONSIN OR ANY MEMBER AND DOES NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY MEMBER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THIS BOND TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THIS BOND OR ANY COSTS INCIDENTAL HERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY MEMBER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THIS BOND, NOR THE FAITH AND CREDIT OF THE ISSUER OR OF ANY SPONSOR OR ISSUER INDEMNIFIED PERSON, SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THIS BOND OR ANY COSTS INCIDENTAL HERETO. THE ISSUER HAS NO TAXING POWER.

No recourse may be had for the enforcement of any obligation, promise or agreement of the Issuer contained in the Indenture or in the Bonds or the other Financing Documents to which the Issuer is a party or for any claim based on the Indenture or the Bonds or otherwise in respect of the Indenture or the Bonds against any director, member, officer, agent, attorney or employee, as such, in his or her individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any

constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever will attach to, or be incurred by, any director, member, officer, agent, attorney or employee as such, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into in the Bonds or between the Issuer and the Trustee, whether contained in the Bonds or in the Indenture; and all personal liability of that character against every such director, member, officer, agent, attorney and employee is, by the execution of the Indenture and as a condition of, and as part of the consideration for, the execution of the Indenture and the other Financing Documents, expressly waived and released.

Payment of the Bonds

The principal, interest on and Redemption Price, if any, of the Bonds due and payable by reason of maturity, redemption or otherwise, will be payable only to the Beneficial Owner thereof appearing on the registration books as of the relevant date described in the following paragraph, and, to the extent permitted by law, neither the Trustee, nor any agent thereof, will be affected by notice to the contrary. DTC, so long as the Bonds are in book-entry form, will be the registered Beneficial Owner of the Bonds.

The principal and Redemption Price of any Bond will be paid to the Beneficial Owner thereof as shown on the registration records of the Trustee upon maturity or prior redemption thereof in accordance with the terms of the Indenture and upon presentation and surrender of the Bonds at the designated payment office of the Trustee in New York, New York. Interest on the Bonds (other than interest paid as part of any Redemption Price for a Bond) will be paid to the Beneficial Owner whose name appears in the registration books at the close of business on the record date and will be paid (i) by check or draft sent on or prior to the appropriate date of payment, by the Trustee to the address of the Beneficial Owner appearing in the registration books on the record date or (ii) by such other method as mutually agreed in writing between the Beneficial Owner of the Bond and the Trustee, unless required to be paid by wire transfer to DTC. The “record date” for the Bonds is the 15th day of March and the 15th day of September of each year. If any such record date is not a Business Day then the record date is the Business Day next succeeding such date.

Any interest not timely paid will cease to be payable to the Beneficial Owner thereof at the close of business on the record date and will be payable to the person who is the Beneficial Owner thereof at the close of business on a new record date for the payment of such defaulted interest (a “special record date”). Such special record date will be fixed by the Trustee whenever monies become available for payment of the defaulted interest, and notice of the special record date will be given by the Trustee to the Beneficial Owners of the Bonds, not less than ten (10) days prior to the special record date, by certified or first-class mail to each such Beneficial Owner as shown on the Trustee's registration records on a date selected by the Trustee, stating the date of the special record date and the date fixed for the payment of such defaulted interest.

While the Bonds are held under the book-entry system, the principal of, interest on and Redemption Price, if any, for the Bonds will be paid by wire transfer to DTC, as securities depository, or its nominee, in same day funds on the dates provided for such payments under the Indenture.

Redemption

Optional Redemption

On or after September 30, 2027, upon the written request of the Company to the Trustee, the Issuer may optionally redeem the Bonds of any maturity, pro rata (or, if not applicable, by lot) within each such maturity, prior to the applicable scheduled maturity, with funds provided by the Company, at a Redemption Price of par plus accrued interest to, but not including, the date fixed for redemption as a whole, or in part (provided that a portion of a Bond may be redeemed only in denominations of \$5,000 principal amount and integral multiples thereof). Upon delivery of such written request by the Company to the Trustee, the Issuer will be deemed, without any action on the Issuer's part, to have exercised its option to redeem the Bonds. The Company may direct the Trustee to apply proceeds required to redeem the Bonds in respect of specific maturities designated by the Company. So long as DTC is the registered Beneficial Owner of the Bonds, and to the extent that the by lot procedures are not applicable, the Bonds of a maturity

selected for redemption will be determined in accordance with DTC practices and procedures as in effect at the time of the redemption.

The Series 2017 Bonds are also subject to purchase by the Company in lieu of optional redemption at any time when the Series 2017 Bonds are otherwise subject to optional redemption.

See "—Book-Entry-Only System" herein. If less than all of a single maturity is redeemed, the Company may direct the Trustee how such redemptions should be credited to the mandatory sinking fund redemptions originally scheduled with respect to such maturity.

Upon surrender and cancellation of a Bond for redemption in part only, a new Bond or Bonds of the same maturity and interest rate and in denominations of \$5,000 principal amount and integral multiples thereof equal to the unredeemed portion of the original partially redeemed Bond, will be executed on behalf of and delivered by the Issuer and the Trustee in accordance with the Indenture. If a Bond is selected for redemption, in whole or in part, the Trustee will not be required to transfer such Bond to an assignee of the Beneficial Owner within 45 days of the redemption date; provided, however, that such limitation on transferability will not be applicable to any exchange by the Beneficial Owner of the unredeemed balance in the event of its redemption in part.

Mandatory Redemption

The Bonds will be subject to mandatory redemption prior to maturity in the aggregate principal amounts and on the dates set forth in the following amortization tables, respectively, at a Redemption Price of par plus accrued interest to, but not including, the redemption date. Such Bonds will be redeemed without notice from the Company pro rata (or, if not applicable, by lot) and in accordance with the arrangements with DTC. So long as DTC is the registered Owner of the Bonds, and to the extent that the by lot procedures are not applicable, the Bonds selected for redemption, in term of maturity, will be determined in accordance with the arrangements with DTC. See "—Book-Entry-Only System" herein.

<u>Bond</u>	<u>Mandatory Redemption Date</u>	<u>Amount</u>
Due September 30, 2022	March 31, 2022	\$1,055,000
	September 30, 2022	550,000 [†]
<u>Bond</u>	<u>Mandatory Redemption Date</u>	<u>Amount</u>
Due September 30, 2023	March 31, 2023	\$615,000
	September 30, 2023	750,000 [†]
<u>Bond</u>	<u>Mandatory Redemption Date</u>	<u>Amount</u>
Due September 30, 2024	March 31, 2024	\$830,000
	September 30, 2024	905,000 [†]
<u>Bond</u>	<u>Mandatory Redemption Date</u>	<u>Amount</u>
Due September 30, 2025	March 31, 2025	\$995,000
	September 30, 2025	1,110,000 [†]
<u>Bond</u>	<u>Mandatory Redemption Date</u>	<u>Amount</u>
Due September 30, 2026	March 31, 2026	\$1,170,000
	September 30, 2026	1,295,000 [†]

[†]Final maturity

<u>Bond</u>	<u>Mandatory Redemption Date</u>	<u>Amount</u>
Due September 30, 2027	March 31, 2027	\$1,375,000
	September 30, 2027	1,510,000 [†]

<u>Bond</u>	<u>Mandatory Redemption Date</u>	<u>Amount</u>
Due September 30, 2037	March 31, 2028	\$1,625,000
	September 30, 2028	1,725,000
	March 31, 2029	1,840,000
	September 30, 2029	1,875,000
	March 31, 2030	1,665,000
	September 30, 2030	1,430,000
	March 31, 2031	1,010,000
	September 30, 2031	715,000
	March 31, 2032	620,000
	September 30, 2032	800,000
	March 31, 2033	1,315,000
	September 30, 2033	1,970,000
	March 31, 2034	2,525,000
	September 30, 2034	3,010,000
	March 31, 2035	3,360,000
	September 30, 2035	3,570,000
	March 31, 2036	3,765,000
	September 30, 2036	3,930,000
March 31, 2037	4,125,000	
September 30, 2037	4,210,000 [†]	

<u>Bond</u>	<u>Mandatory Redemption Date</u>	<u>Amount</u>
Due September 30, 2049	March 31, 2038	\$3,725,000
	September 30, 2038	3,465,000
	March 31, 2039	2,950,000
	September 30, 2039	2,575,000
	March 31, 2040	2,510,000
	September 30, 2040	2,785,000
	March 31, 2041	3,435,000
	September 30, 2041	4,185,000
	March 31, 2042	4,530,000
	September 30, 2042	4,690,000
	March 31, 2043	4,470,000
	September 30, 2043	4,135,000
	March 31, 2044	4,070,000
	September 30, 2044	4,370,000
	March 31, 2045	5,060,000
	September 30, 2045	5,995,000
	March 31, 2046	6,815,000
	September 30, 2046	7,555,000
	March 31, 2047	8,185,000
	September 30, 2047	8,565,000
March 31, 2048	8,935,000	
September 30, 2048	9,260,000	
March 31, 2049	9,615,000	
September 30, 2049	9,940,000 [†]	

[†] Final maturity.

Extraordinary Mandatory Redemption

Unspent Bond Proceeds

The Bonds may be subject to extraordinary mandatory redemption pro rata (or, if not applicable, by lot) at a Redemption Price of par, plus accrued interest to, but not including, the redemption date (which will be the date occurring five years after the date of issuance of the Bonds (as such date may be extended with an approving opinion of Bond Counsel) or as otherwise required by applicable tax rules and regulations in respect of the completion of the Project), in the principal amount of any remaining unspent Bond proceeds on such date (rounded upward to a multiple of \$5,000); provided that the amount of such redemption, if any, will be determined based on the amount required in the opinion of Bond Counsel obtained by the Company, as necessary to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes. A notice of redemption as specified in the Indenture is not required for an extraordinary mandatory redemption from unspent Bond proceeds; provided, however, each Beneficial Owner of the Bonds to be redeemed is required to be notified 5 Business Days prior to any such redemption or (if the Bonds are held by DTC) otherwise in accordance with the applicable notice requirements of DTC.

Development Agreement Termination

The Bonds may be subject to extraordinary mandatory redemption, in whole or in part, at a Redemption Price of par plus accrued interest to, but not including, the date fixed for redemption for which the requisite notice of redemption is given within 30 days of receipt of any Termination Compensation by the Collateral Agent in a principal amount, including accrued interest, equal to the portion of Termination Compensation that is available for the payment of the Redemption Price. See “THE PRINCIPAL PROJECT AGREEMENTS—The Development Agreement—Termination Rights; Effect of Termination.” If the amounts available for such redemption are less than the Redemption Price for all the outstanding Bonds, the Bonds will be redeemed for a Redemption Price of less than par (in respect of each Bond) equal to the product of the par price multiplied by the aggregate amount of Termination Compensation that is available for the payment of the Redemption Price divided by the aggregate principal amount of all then outstanding Bonds. See “RISK FACTORS—Other Risks Relating to the Project and the Development Agreement—*In the event of certain early termination scenarios, the Termination Compensation to be provided by the Owner may be insufficient to fully repay the Company’s payment obligations under the Loan Agreement, thus adversely affecting the repayment of the Bonds.*”

Net Property Damage Insurance Proceeds

The Bonds may be subject to extraordinary mandatory redemption, in whole or in part, at the Amortized Redemption Price (or, with respect to any Original Issue Discount Bonds or Capital Appreciation Bonds, at the Accreted Redemption Price), in the amount of any net property damage insurance proceeds received by the Company, to the extent that (i) such proceeds exceed the amount required to restore the Project or any portion thereof to the condition required by the Development Agreement or to the condition existing prior to the event of loss or (ii) the affected property cannot be restored or is not required pursuant to the terms of the Development Agreement and the Financing Documents to be restored, and the Company elects not to do so.

DTC Redemption Procedure

So long as DTC is the registered Beneficial Owner of the Bonds, and to the extent that the by lot procedures are not applicable, the Bonds selected for redemption, in terms of maturity, will be determined in accordance with DTC practices and procedures as in effect at the time of the redemption. See “—Book-Entry-Only System” herein. If less than all of a single maturity is redeemed, the Company may direct the Trustee how such redemptions should be credited to the mandatory sinking fund redemptions originally scheduled.

Notice of Redemption

Unless waived by any Beneficial Owner of Bonds to be redeemed, and except as otherwise provided in the Indenture, notice of the call for an optional redemption or extraordinary mandatory redemption for a termination of the Development Agreement or the Collateral Agent’s receipt of net property damage insurance proceeds, identifying

the Bonds or portions thereof to be redeemed and specifying the terms of such redemption, will be given by the Trustee by delivering electronically or mailing a copy of the redemption notice by U.S. first-class mail, at least 30 days and not more than 60 days prior to the date fixed for redemption, to the Beneficial Owner of each Bond to be redeemed at the address as it last appears on the registration records of the Trustee (or, if the Bonds are held by DTC, in accordance with the rules of DTC); provided, however, that failure to give such notice by mailing, or any defect therein, will not affect the validity of any proceedings for the redemption of any Bonds as to which no such failure has occurred. Any notice mailed as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not any owner receives such notice.

If at the time of sending of notice of any optional redemption there is not on deposit with the Trustee monies sufficient to pay the Redemption Price of all Bonds called for redemption which monies are or will be available for redemption of Bonds (the “**Redemption Moneys**”), such notice will state that it is conditional upon the deposit of an amount equivalent to the full amount of the Redemption Moneys for such purpose not later than the opening of business on the redemption date specified in the relevant redemption notice, and such redemption notice will be of no effect unless such Redemption Moneys are so deposited.

So long as DTC is effecting book-entry transfers of the Bonds, the Trustee will provide redemption notices to DTC. It is expected that DTC will, in turn, notify its direct participants and that the direct participants, in turn, will notify or cause to be notified the Beneficial Owners of the Bonds. Any failure on the part of DTC or a direct participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Trustee, DTC, a direct participant or otherwise) to notify the Beneficial Owner of the Bond so affected, will not affect the validity of the redemption of such Bond.

Book-Entry-Only System

The information in this section concerning DTC and DTC’s book-entry-only system has been obtained from DTC, and the Company, the Issuer and the Underwriters take no responsibility for the accuracy thereof. DTC will act as the securities depository for the Bonds. The Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one Bond certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such maturity.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds 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 the 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 a Standard & Poor’s rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *Please note that this website address is included herein as an active textual reference only, and the information contained on (or accessed through) this website is not incorporated herein and should not be construed as part of this Official Statement.*

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security Documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar (which initially will be the Trustee) and request that copies of notices be provided directly to them. Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest in such maturity of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI (money market instrument) procedures. Under its usual procedures, DTC mails an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds and payments of principal of and interest of the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee or the Issuer, on the payment 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 Participant and not of DTC, the Trustee, the Issuer or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered to the Beneficial Owners.

If at any time DTC is no longer able to act as, or is no longer satisfactorily performing its duties as, securities depository for the Bonds, the Trustee may, at its discretion, either (a) designate a substitute securities depository for

DTC and reregister the Bonds as directed by such substitute securities depository or (b) terminate the book-entry registration system and reregister the Bonds in the names of the beneficial owners thereof provided to it by DTC.

THE INFORMATION PROVIDED ABOVE HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE ISSUER, THE COMPANY OR THE UNDERWRITERS AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

THE PROJECT

The Airport

The Airport serves as the primary air carrier airport for the Rocky Mountain region, and according to statistics compiled by Airports Council International for 2016, the Airport was ranked as the 6th busiest airport in the nation and the 18th busiest airport in the world based on total passengers in 2016, with 58.3 million total passengers traveling through the Airport and 29.1 million total enplanements. See Appendix G—"CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT—DENVER INTERNATIONAL AIRPORT," Appendix G—"CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT—AVIATION ACTIVITY AND AIRLINES," and Appendix H—"PROJECT CONSULTANT REPORT." The Airport has had 24 consecutive months of record-setting passenger traffic, with 2016 being a record year with an 8% growth over 2015. The Airport site encompasses approximately 53 square miles located about 24 miles northeast of Denver's central business district. The passenger terminal complex is reached via Peña Boulevard, a 12-mile dedicated access road that connects with Interstate 70 and intersects with the E-470 toll highway. The Airport currently serves over 188 nonstop destinations, including flights to 25 international cities in eleven countries.

The Project at the Jeppesen Terminal

The passenger terminal complex at the Airport consists of a landside terminal and three airside concourses (concourse A, B and C). The landside terminal, referred to as the Jeppesen Terminal, (the "**Terminal**"), currently features more than two million square feet of space, and includes passenger ticketing, baggage claim, ground transportation, international arrivals, shops and restaurants, office areas and TSA security checkpoints. The Terminal was originally opened in 1995 to serve a maximum of 50 million passengers. According to statistics compiled by Airports Council International, in 2016 approximately 58.3 million passengers passed through the Airport and 37.1 million arriving and departing passengers passed through the Terminal. Located on levels 5 and 6 of the Terminal is an area referred to as the Great Hall. The Great Hall is an open area of approximately 1 million square feet that passengers pass through when arriving or departing the Airport. The Project includes the renovation and reconfiguration by the Company of a portion of the Great Hall, and subsequently the management of the Concession Program in the Great Hall by the Company. The Great Hall's location within the Terminal means that all arriving and departing passengers will be exposed to the Project. Connecting traffic is not expected to affect the Project. See Appendix H—"Project Consultant Report—1.3.3.1 O&D Passenger Traffic."

The Company understands that the Owner decided to undertake the Project due to its desire to better serve the Airport's passengers by improving the Terminal, including by: (i) consolidating the airline ticket counters and consolidating and relocating the TSA screening areas to level 6; (ii) modifying the baggage handling system in and under the Terminal to support the relocated ticket counters; (iii) undertaking a curbside renovation and (iv) redesigning the shopping, dining, meter/greeter areas and overall passenger experiences available in the Terminal.

In January 2015, the Owner began a procurement process by reaching out to the private development community for qualified partners, in order to undertake the renovation and improvement of the Terminal in line with the above goals. As a result of this procurement process and to carry out the renovations and improvements to the Terminal, the Owner selected the Company to enter into negotiations for a public-private partnership (P3). On August 24, 2017, the Owner and the Company entered into the Development Agreement pursuant to which the Owner has granted the Company an exclusive right to design, construct, finance, operate and maintain certain specified areas within the Terminal, including the renovation and reconfiguration of a portion of the Great Hall (the "**Project**"). The costs of the Company related to the planning, development, design and construction of the Project are estimated to be approximately \$650 million. Funds available to the Company for the Project are expected to be used to (i) pay the D&C Contract Amount, (ii) pay certain operations and maintenance expenditures prior to the Project Substantial Completion Date; (iii) pay a development fee and bid costs incurred by the Equity Participants, (iv) pay certain costs of issuance of the Bonds, including underwriters' discount and other fees, (v) pay interest on the Bonds prior to the Project Substantial Completion Date, (vi) fund the Senior Debt Service Reserve Account and the Major Maintenance Reserve Account to the extent funds are available at Project Substantial Completion, and (vii) pay certain costs related with the issuance of certain required letters of credit. Such uses are projected uses and are used herein for informational

purposes only and are subject to change. See “PROJECTED SOURCES AND USES OF FUNDS AND PROJECTED FINANCIAL INFORMATION—Overview of Projected Sources and Uses of Funds.”

The Company is responsible for the design, build and operations and maintenance of certain specified areas within the Terminal, which include the renovation and reconfiguration of a portion of the Great Hall located on levels 5 and 6 of the Terminal. Renovations to the Great Hall by the Company are contemplated to include relocation of passenger security from level 5 to level 6 and the redevelopment of the free space on level 5 into a new commercial area that will be both ‘airside’ and ‘landside’. The Development Agreement, subject to earlier termination, is scheduled to terminate on the 34th anniversary of Financial Close and requires the Company to handback the Project to the Owner after such termination. See "Handback" below. Key governmental approvals required for the Project include approvals from the TSA with respect to the design of security screening checkpoint areas and associated support spaces, approval from the FAA with respect to each 7460 permit and approval by the building official for the Project of the Issued for Construction package or amendments thereto. Certain approvals under the Formal DBC Administrative Modification are also required for the Project.

See “THE PRINCIPAL PROJECT AGREEMENTS—The Development Agreement” and Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT” for a description of the terms of the Development Agreement.

Construction of the Project

In connection with its obligations to design and build the Project, the Company has executed the Design and Construction Contract, dated as of July 26, 2017, with Ferrovia Agroman West, LLC, a Delaware limited liability company (the “**Contractor**”). The Design and Construction Contract is a fixed-price, lump-sum contract. The scope of the work covered by the Design and Construction Contract includes all design and construction work related to the Project required by the Development Agreement, any work necessary to correct defects and certain operations and maintenance work during construction (the “**D&C Contractor Work**”), subject to certain exclusions (the “**Excluded Work**”) that are the responsibility of the Company. The Excluded Work includes, among other things: (i) finishes, Mechanical, Electrical and Plumbing (“**MEP**”) and Furniture, Fixtures and Equipment (“**FF&E**”) of Concessions Spaces, (ii) any operations and maintenance work after Concession Space Readiness (unless related to applicable punch list items or governmental approvals related thereto), and (iii) any other work expressly excluded by the Design and Construction Contract. The Contractor has sub-contracted the D&C Contractor Work to Great Hall Builders LLC, a joint venture between the Contractor and Saunders Construction, LLC. Great Hall Builders LLC, owned 70% by the Contractor and 30% by Saunders Construction, LLC, expects to execute the D&C Contract Work as a fully integrated joint venture. The Contractor has entered into that certain Design Build Contract with Great Hall Builders, LLC, dated July 26, 2017. The sub-contracting arrangement does not diminish, alter or change the obligations of the Contractor pursuant to the Design and Construction Contract with the Company. Saunders Construction, Inc. wholly owns both Saunders Construction, LLC and Saunders Concessions, LLC which entity is a member of S/JLC, LLC. S/JLC, LLC is an Equity Participant. For a description of the relevant construction experience of Ferrovia Agroman West, LLC and of Saunders Construction, LLC, through its affiliates, see “PROJECT PARTICIPANTS—The Contractor and the Guarantor” and “PROJECT PARTICIPANTS—Saunders Concessions, LLC.”

Finishes, MEP and FF&E of Concessions Spaces is expected to be undertaken by each Concessionaire after the Contractor has delivered the relevant Concessions Space to the Company or Concessionaire. The Contractor is required to deliver each Concessions Space to the Company 90 Business Days prior to the scheduled Functional Area Readiness Deadline applicable to such Concessions Space (the “**Concessions Space Readiness Deadline**”), in order to enable the Concessionaires to begin with the refurbishment and fit-out of such space. Each Concessionaire then has 90 days from the Concessions Space Readiness Deadline to carry out all finishing, MEP and FF&E work of their applicable Concessions Space. The Functional Area Readiness Deadline for Concessions Spaces is expected to occur on the last day of such 90 day period as a result of the scheduling of the Project. Functional Area Readiness for certain of the Functional Areas where the Concessions are expected to be located will be achieved, among other things, when all requirements necessary for the Concessions to begin operations are completed, and must be evidenced by the issuance of a certificate of Functional Area Readiness by the Owner. Project Substantial Completion will, among other things, be subject to the issuance of a certificate of Functional Area Readiness for all Functional Areas, and must be evidenced by the issuance of a certificate of Project Substantial Completion by the Owner. The Company is required

to commence operation and maintenance services (other than those in respect of Functional Areas which will commence upon the occurrence of Functional Area Readiness) on Project Substantial Completion.

See “THE PRINCIPAL PROJECT AGREEMENTS—The Design and Construction Contract” and Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE DESIGN AND CONSTRUCTION CONTRACT.”

Operation and Maintenance of the Project

The Company may either self-perform the operations and maintenance work in respect of the Project or enter into an operations and management agreement with a qualified contractor as contemplated in the Development Agreement. The Company currently plans to self-perform the operation and maintenance works under the Development Agreement but it is permitted to change this approach. Following the Functional Area Readiness Date, with respect to the applicable Functional Areas, and with respect to all other applicable areas and Terminal Improvements, following the Project Substantial Completion Date, the Company is required, at its sole cost and expense, to carry out, or sub-contract the performance of, the operations and maintenance work, which consists of the operation, management, administration, maintenance, repair, preservation, modification, reconstruction, rehabilitation, restoration, renewal and replacements of certain areas within the Functional Areas that come into operations and that are within certain physical limits assigned to the Company, in accordance with, among others, all applicable law, all governmental approvals, the Contract Documents, and good industry practice. See “THE PRINCIPAL PROJECT AGREEMENTS—The Development Agreement—*Operation and Maintenance Responsibilities*” and Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Operations and Maintenance.”

Concessions Program

Subject to certain limited exceptions, the Company has the right to develop, operate, implement and manage a concessions program in the Terminal (the “**Concessions Program**”). The Development Agreement provides the Company with the exclusive right to enter into concession agreements with Concessionaires and to collect Concessions Revenues paid by such Concessionaires under each concession agreement. The Company is entitled to keep 20% of such Concessions Revenue (the “**Company Concessions Revenue**”), and has agreed to remit 80% of such Concessions Revenue to the Owner. The Concessions Program is required to be developed and implemented during the period commencing on the Functional Area Readiness Date of the first Concessions Functional Area to achieve Functional Area Readiness and ending on the Termination Date. The Development Agreement requires the Company to include certain mandatory provisions in the concession agreements entered into with Concessionaires. See “THE PRINCIPAL PROJECT AGREEMENTS— Certain Other Project Related Agreements—*Mandatory Provisions for Concession Agreements*.” Prior to the execution of such agreements, the Owner has the right to review the same but solely to confirm that the mandatory provisions have been included in each concession agreement, on substantially the same terms and substance as the provisions included in the Development Agreement. The Company is required to comply with certain requirements for the Concessions Program including to develop a concessions development and management plan, which must be updated at least every two years or more frequently as agreed by the Owner and the Company and which will regulate concession activity by the Company. The Company is required to submit to the Owner for its approval an updated draft of the concessions development and management plan every two years. If the updated concessions development and management plan is not approved by the Owner, the Company is required to continue implementing the existing approved concessions development and management plan. See “Appendix B—SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Concessions—*Concessions Program*.”

Progress Payments, Revenues of the Company, Supplemental Payments and Company Commercial Revenue

During the Construction Period the Owner is obligated to make Progress Payments to the Company on a monthly basis in arrears after the issuance of Notice to Proceed 1 (“**NTP 1**”) for D&C Work performed by the Contractor in accordance with the Development Agreement. The Owner currently expects to pay Progress Payments from its capital fund. See “THE PRINCIPAL PROJECT AGREEMENTS—The Development Agreement—Payments to the Company—Progress Payments.”

From the Project Substantial Completion Date to the Termination Date, the Owner is required to make monthly Supplemental Payments to the Company as calculated pursuant to the Development Agreement. See Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT— Payments to the Company— *Supplemental Payments*.” The Company expects that the Supplemental Payments will be one of its primary sources of revenues from the Project and its primary source of funds from which to pay its obligations under the Loan Agreement and the Series 2017 Bonds. The Development Agreement sets forth that the Company’s entitlement to receive Supplemental Payments will be subject to the Terminal Improvements being available for the applicable Airport activities and may be reduced based on deductions associated with the failure by the Company to perform the operation and maintenance services in accordance with certain minimum requirements. Such failure by the Company to provide operation and maintenance services in line with certain minimum performance standards entitles the Owner to make deductions from Company Concessions Revenue and Supplemental Payments. Performance deductions will be made first from the Company Concessions Revenue and second from the monthly Supplemental Payments, provided that no such deductions will be made in a month until the aggregate amount of such deduction equals or exceeds \$50,000 dollars for such month, after which the full amount of the deductions are entitled to be assessed. Depending upon the amount of any such deductions, the same may exceed the relevant Company Concessions Revenue and Supplemental Payments for the relevant month(s). See “THE PRINCIPAL PROJECT AGREEMENTS—The Development Agreement—Payments to the Company—*Supplemental Payments*” and “PROJECT SOURCES AND USES OF FUNDS AND PROJECTED FINANCIAL INFORMATION— Projected Sources and Uses of Funds.”

The Development Agreement obligates the Owner to make payments to the Company from any monies on deposit in the Airport System Fund. The Owner has no obligation to make payments to the Company from any other source of funds. The Owner's use of funds on deposit in the Airport System Fund is subject to the Owner's pledge of such accounts pursuant to the Bond Ordinance, General Subordinate Bond Ordinance and General Junior Lien Bond Ordinance. To secure its obligation to make Supplemental Payments to the Company, the Owner adopted the Supplemental Junior Lien Bond Ordinance creating a Junior Lien Contractual Obligation that requires the Owner to make Supplemental Payments to the Company from the Junior Lien Fund, which is a part of the Airport System Fund. Other than Supplemental Payments, amounts due by the Owner under the Development Agreement are not secured at a particular level within the Airport Revenue Fund by any contractual obligation of the Owner. For a description of the prior pledges of funds on deposit in the Airport System Fund, the Bond Ordinance, the Subordinate Bond Ordinance and the General Junior Lien Bond Ordinance, see "SECURITY FOR THE BONDS— General Junior Lien Bond Ordinance and Supplemental Junior Lien Bond Ordinance" and Appendix J—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE, GENERAL SUBORDINATE BOND ORDINANCE AND GENERAL JUNIOR LIEN BOND ORDINANCE.”

In addition to the Supplemental Payments, the Development Agreement provides that the Company is entitled to receive certain Concessions Revenue, Non-Concessions Revenue and revenues from the Company marketing fund and charges for common area maintenance. Concessions Revenue is, with respect to any given period, the sum of (i) the monthly fee paid by the Concessionaires to the Company as consideration for concession rights for each Concession, pro-rated for such period, and (ii) liquidated damages assessed against Concessionaires during such period, to the extent received by the Company and aggregated for all Concessions. The Company is entitled to the “**Company Commercial Revenue**”, which is equal to the sum of (i) the Company Concessions Revenue; plus (ii) 100% of revenues from the Company marketing fund and the common area maintenance charges paid by Concessionaires, plus (iii) twenty percent (20%) of the Non-Concessions Revenue. The Company is required to remit the remaining eighty percent (80%) of the Concessions Revenue and Non-Concessions Revenue to the Owner (the “**Owner Commercial Revenue**”). Non-Concessions Revenue is any rent received by the Company for use of commercial storage within the areas under the operation and maintenance of the Company. The Company is not currently contemplating to charge or receive Non-Concession Revenues, but is entitled to do so at any time under the Development Agreement.

Company Commercial Revenues obtained prior to Project Substantial Completion are deposited to the Proceeds Account and part thereof is expected to be applied to fund construction costs for the Project. Certain of the Company Commercial Revenues obtained after Project Substantial Completion shall be a source of revenue for the Company available to pay costs of the Company in accordance with the Flow of Funds including the Company’s obligations under the Loan Agreement. See “PROJECT SOURCES AND USES OF FUNDS AND PROJECTED FINANCIAL INFORMATION— Projected Sources and Uses of Funds.”

Handback

Upon the expiration or early termination of the Development Agreement, the Company is required to transfer the Project to the Owner at no charge in the condition that meets all applicable requirements under the Development Agreement. In the event of an early termination of the Development Agreement, the Company will only be required to comply with the requirements of the Development Agreement relating to renewal work to the extent that any renewal work was scheduled to have been performed prior to the early termination of the Development Agreement. The Company is obligated to diligently perform and complete all renewal work required to be performed and completed prior to the termination of the Development Agreement based on the applicable renewal work plan. In the event of an early termination of the Development Agreement, if the Company fails to complete such renewal work prior to the Early Termination Date, the Owner is entitled to deduct the cost of completing such work from the termination amount, if any, payable to the Company for such early termination.

PROJECT PARTICIPANTS

The Owner

The Owner is the City and County of Denver (the “**City**”) through and on behalf of its Department of Aviation (the “**Department**”). The City is a political subdivision of the State of Colorado. 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. Denver International Airport (the “**Airport**”) is the primary asset of the Airport System. The City by ordinance has designated the Department as an “enterprise” within the meaning of the State of Colorado constitution with the authority to issue its own revenue bonds or other financial obligations in the name of the City.

The Owner is responsible for making Progress Payments and Supplemental Payments to the Company pursuant to the terms of the Development Agreement. The Owner expects to pay Progress Payments from its capital fund and will pay Supplemental Payments from its Junior Lien Fund. The City is not a party to the Development Agreement nor is it obligated to make any payments to the Company, the Trustee, the Collateral Agent or the Beneficial Owners of the Series 2017 Bonds.

The Airport serves as the primary air carrier airport for the Rocky Mountain region, and according to statistics compiled by Airports Council International for 2016, the Airport was ranked as the 6th busiest airport in the nation and the 18th busiest airport in the world based on total passengers in 2016. See “DENVER INTERNATIONAL AIRPORT” and “AVIATION ACTIVITY AND AIRLINES” in Appendix G. The Airport site encompasses approximately 53 square miles located about 24 miles northeast of Denver’s central business district. The passenger terminal complex is reached via Peña Boulevard, a 12-mile dedicated access road that connects with Interstate 70 and intersects with the E-470 toll highway. For a detailed description of the Airport (including its financial statements for the years ended 2015 and 2016) see Appendix G —“CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT” in this Official Statement.

The Company

Denver Great Hall LLC (the “**Company**”), is a single-purpose Delaware limited liability company that was formed on August 3, 2016 for the purpose of, among other things, entering into the Development Agreement and performing development work relating to the Project under the Development Agreement. Denver Great Hall Holdings LLC, a Delaware limited liability company (“**HoldCo**”), is the direct holder of 100% of the outstanding membership interests of the Company. As of the Closing Date, through HoldCo, Ferrovial Airports Great Hall Partners LLC is expected to be the indirect holder of 80% of the outstanding membership interests in the Company and S/JLC, LLC a Delaware limited liability company, is expected to be the indirect holder of 20% of the outstanding membership interests in the Company. These amounts may fluctuate due to credit spread update adjustments and any other adjustments arising from adjustments to the amounts shown in the Sources and Uses Table. Under the Development Agreement Progress Payments and Supplemental Payments are subject to adjustments for fluctuations in benchmark interest rates or credit spread. See “PROJECTED SOURCES AND USES OF FUNDS AND PROJECTED FINANCIAL INFORMATION—Overview of Projected Sources and Uses of Funds— Projected Sources and Uses of Funds Prior to Project Substantial Completion.”

S/JLC, LLC is a joint venture between Saunders Concessions, LLC, a wholly-owned subsidiary of Saunders Construction, Inc., and JLC Great Hall LLC, a wholly-owned subsidiary of JLC Infrastructure Fund I L.P.

The Company will enter into the Loan Agreement pursuant to which the Company will receive the proceeds of a loan from the Issuer in the amount of the proceeds of the issuance of the Series 2017 Bonds.

The Equity Participants

The following descriptions of the Equity Participants are included solely to provide potential investors in the Series 2017 Bonds with information regarding the source of the equity contributions discussed in this Official

Statement and contemplated in the Equity Contribution Agreement. Payments of the principal and redemption price of and interest on the Series 2017 Bonds are payable from payments received by the Issuer from the Company under the Loan Agreement and the Company's obligations thereunder are non-recourse obligations of the Issuer and in no event will all or any of the Equity Participants have any obligation with respect to any payment related to the Bonds (except as relating to the equity contributions solely to the extent described herein and as contemplated by the Equity Contribution Agreement).

<u>Equity Participant</u>	<u>Base Capital Commitment</u>	<u>Contingent Capital Commitment</u>	<u>Total Capital Commitment</u>	<u>Ownership Interest⁽¹⁾</u>
Ferrovial Airports Great Hall Partners LLC	\$55,556,042	\$3,045,348	\$58,601,389	80%
S/JLC, LLC	13,889,010	761,337	14,650,347	20
Total	\$69,445,052	\$3,806,685	\$73,251,737	100%

¹ The respective ownership interest percentages of Ferrovial Airports Great Hall Partners LLC and S/JLC, LLC reflect indirect interests in the Company.

The Loan Agreement restricts any equity transfer by or among Equity Participants or Change of Control except as permitted under the Development Agreement. The Development Agreement contains restrictions regarding changes to the ownership and control of the Company without the Owner's prior written consent. See Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Equity Transfers and Change of Control; Committed Investment Requirements—*Restrictions on Equity Transfers and Change of Control.*”

Ferrovial Airports Great Hall Partners LLC

Overview

Ferrovial Airports Great Hall Partners LLC is an indirect, wholly owned subsidiary of Ferrovial S.A. (“**Ferrovial**”). Ferrovial is a publicly traded company based in Madrid (Spain) with a market capitalization of approximately \$15.5 billion as of November 13, 2017, and is rated by both S&P and Fitch (BBB, stable outlook). Ferrovial is currently included in the IBEX-35, Dow Jones Sustainability and FTSE4Good indices, and presently has operations, including through its subsidiaries, in over 15 countries and employs approximately 100,000 people globally. Its four main business lines are: airports, construction, services and toll roads.

Ferrovial Airports International, LTD (“**Ferrovial Airports**”) is an indirect wholly owned subsidiary of Ferrovial. Ferrovial Airports is engaged in the management and operation of local and international airports through concessions held by its subsidiaries. Ferrovial Airports undertakes all airport investment and management activities of Ferrovial and its subsidiaries.

Ferrovial Airports has, directly and indirectly through its subsidiaries, invested in airports since 1998. Ferrovial Airports holds a 25% stake in Heathrow Airport Holdings (“**HAH**”) in connection with the management and operation of Heathrow Airport. According to HAH, terminal 2 of Heathrow Airport served 16.5 million passengers on 111,603 flights in 2016 and Terminal 5 of Heathrow Airport served 31.9 million passengers on 216,861 flights in 2016. Ferrovial Airports also holds a majority stake in the Aberdeen, Glasgow and Southampton (“**AGS**”) airports, through a majority participation in each of the Aberdeen, Glasgow and Southampton airports.

The table below sets out the total traffic, revenues and EBITDA for each of the airport projects which comprise the assets of Ferrovial Airports (or its subsidiaries), for the years ended December 31, 2014, 2015 and 2016. The following table includes projects which are jointly owned by Ferrovial Airports (or its subsidiaries) and certain other unrelated parties.

	Traffic (Millions)			Revenues(USD Millions)*			EBITDA (USD Millions)*		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Heathrow	73,4	75	75,7	\$4,196	\$3,492	\$3,530	\$2,402	\$2,628	\$2,115
Glasgow	7,7	8,7	9,4	148	147	142	56	62	67
Aberdeen	3,8	3,5	3,1	101	90	70	39	38	26
Southampton	1,8	1,8	2	42	39	37	11	11,5	11,3
Total	86,7	89	90,2	\$4,487	\$3,768	\$3,779	\$2,508	\$2,379	\$2,219

* Figures were converted using the average European Central Bank published rates for years 2014, 2015 and 2016, which average rates were respectively 1.3282, 1.1091, 1.1069 U.S. Dollar per 1 Euro. These conversions are provided for the convenience of potential investors only and, as such, potential investors should not construe these conversions as a representation that the Euro amount actually represents true U.S. dollar amounts or could be converted from Euros into U.S. dollars at the rates indicated.

Source: 2016 Internal analysis by Ferrovial Airports.

According to Ferrovial’s own analysis, as of the end of 2016, Heathrow Airport (“**Heathrow**”) was the principal airport for long-haul routes in the United Kingdom and was Europe’s busiest airport by number of total passengers. In 2016, according to Heathrow Airport Holdings, 75.7 million passengers travelled through Heathrow. Heathrow currently hosts most of the world’s major international airlines and is the worldwide hub of British Airways and the main European hub of the Oneworld Alliance (which includes British Airways, Iberia, American Airlines, Finnair, Japan Airlines, Qantas and Royal Jordanian). It also hosts the SkyTeam alliance (which includes Delta Air Lines AirFrance, KLM, Alitalia, China Southern and Kenya Airways) and the Star Alliance alliance (which includes United Airlines, Air Canada, Air New Zealand, Air China, Egyptair, Lufthansa and Turkish Airlines).

Over recent years, Heathrow Airport has, according to the Airports Service Quality (“ASQ”) survey, focused on strengthening its operational performance, improving its passenger experience and investing in new and upgraded facilities. As a result, Heathrow, according to Airports Council International (“ACI”), through the ASQ surveys, has become one of the top performing major European hubs in terms of overall passenger satisfaction. In 2016, according to the ASQ survey, 84% of passengers rated their experience at Heathrow as “very good” or “excellent” (compared to 81% in 2015) obtaining scores over 4 points (out of 5) on such ASQ survey and for twelve consecutive quarters, such that Heathrow received a score of 4.19 in the fourth quarter of 2016. In 2016, Heathrow was awarded “Europe’s Best Airport” (with over 40 million passengers) in the 2016 ASQ awards for the first time, and was selected as “Best Airport in Europe” (with over 25 million passengers) for the third time by the ACI. The ASQ awards recognize the airports that have achieved the highest passenger satisfaction ratings in the ASQ survey. In addition, also in 2016, Heathrow was also selected by Skytrax World Airport Awards, as “Best Airport in Europe” for the second consecutive year as well as the “Best Airport for Shopping” for the seventh consecutive year. Terminal 5 was selected for the fifth consecutive year as “Best Airport Terminal”, in each case, by the Skytrax World Airport Awards in 2016.

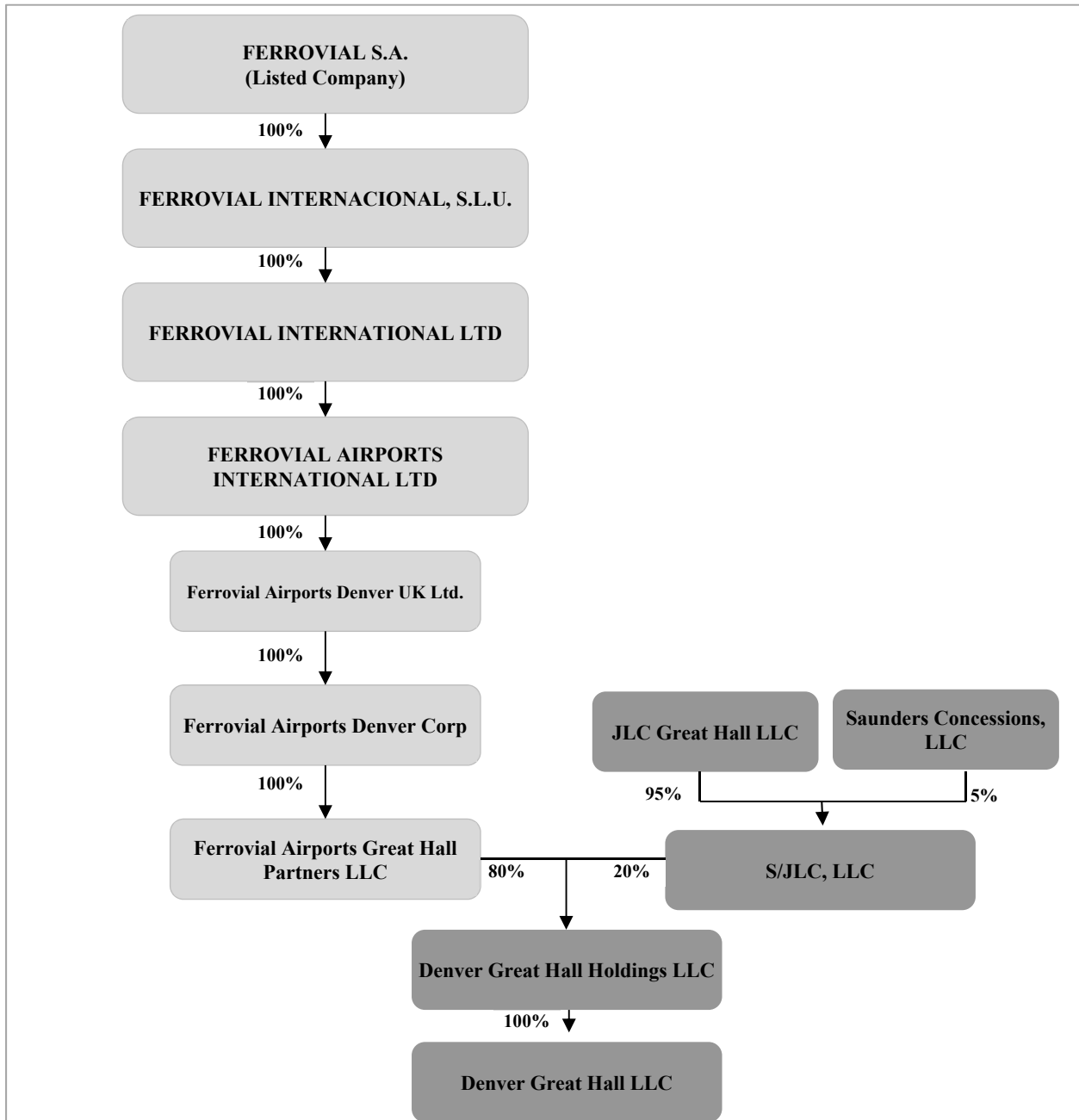
In accordance with Ferrovial’s own analysis, as of the end of 2016, Glasgow Airport was Scotland’s second busiest airport after Edinburgh, and Scotland’s principal long-haul airport as well as Scotland’s largest charter hub, with 9.4 million and 8.7 million passengers in 2016 and 2015, respectively. It has a catchment area within 60 minutes of 2.9 million people and, as of 2016, it offers a balanced mix of traffic split as follows: domestic (46%) and international (54%). It is currently served by 30 airlines that fly to approximately 120 destinations. The infrastructure in place can support 15 million passengers per year. Per Ferrovial’s internal analysis, as of the end of 2016, Aberdeen Airport was among the world’s busiest commercial heliports, providing services for approximately 423,169 helicopter passengers in 2016 in support of the North Sea oil and gas industry. Aberdeen Airport is currently served by 23 airlines flying to more than 53 destinations. Southampton Airport has a large catchment area within 60 minutes of over 3.5 million people and currently serves approximately 40 destinations through 21 airlines. It provides short-haul air links to mainland Europe, large United Kingdom cities and the Channel Islands.

Ferrovial Airports Great Hall Partners LLC will commit to make certain equity investments in the Company pursuant to the Equity Contribution Agreement, subject to the terms of such agreement. None of the obligations in respect of the Bonds or any of the Transaction Documents (other than the Equity Contribution Agreement to the limited extent described herein), however, will constitute obligations of, or will be guaranteed by, Ferrovial Airports Great Hall Partners LLC, Ferrovial, S.A., Ferrovial Airports or any of their affiliates other than the Company and other than the Contractor with respect to its obligations under the Design and Construction Contract and Ferrovial US Construction with respect to its guarantee of the obligations of the Contractor. In addition, except as otherwise described herein, none of Ferrovial Airports Great Hall Partners LLC, Ferrovial, S.A., Ferrovial Airports or any of

their affiliates other than the Company and, to the extent set forth in the Equity Contribution Agreement, Ferrovial Airports Great Hall Partners LLC, will be bound by the covenants set forth in the Financing Documents. Moreover, after the date of issuance of the Bonds, the Company will not provide updated information about Ferrovial Airports Great Hall Partners LLC, Ferrovial, S.A., Ferrovial Airports or any of their affiliates (other than the Company) to the Beneficial Owners of the Bonds.

Organizational Structure

The chart below sets forth the corporate structure of Ferrovial Airports Great Hall Partners LLC:



Summary Financial Data

For the year ended December 31, 2016, Ferrovial Airport's audited financial statements reflected total revenues of \$1.593 million and total assets of \$1.4 billion, down from reported total assets of \$2.5 billion in 2015. Ferrovial Airports uses International Financial Reporting Standards (“IFRS”).

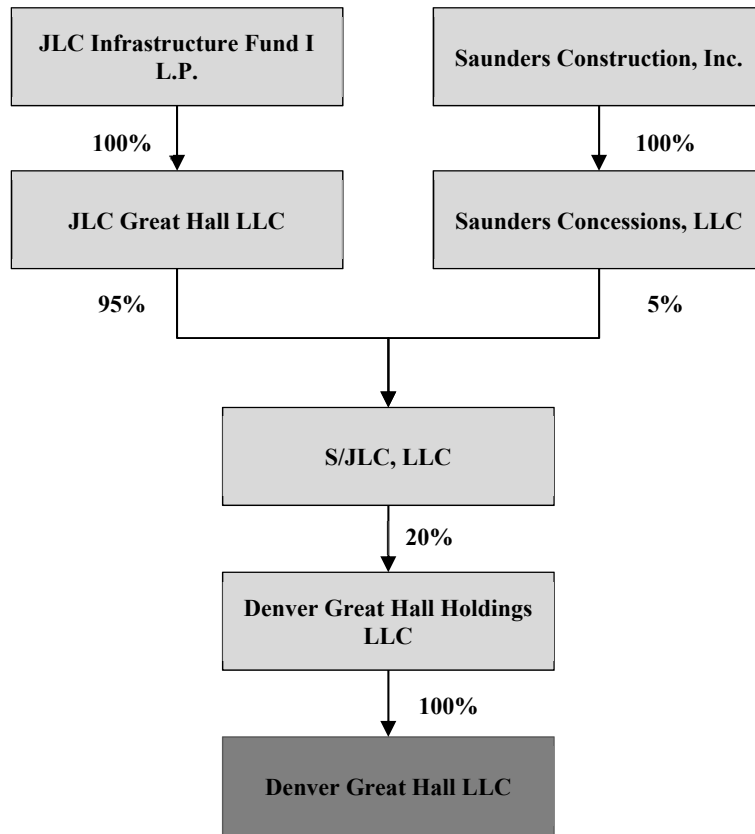
S/JLC, LLC

Overview

S/JLC, LLC is a joint venture between Saunders Concessions, LLC, which is an affiliate of Saunders Construction, LLC, and JLC Great Hall LLC, which is a wholly-owned subsidiary of JLC Infrastructure Fund I L.P.

Organizational Structure

The chart below shows the corporate structure of S/JLC, LLC.



JLC Infrastructure Fund I L.P.

JLC Infrastructure Fund I L.P. indirectly owns 95% of S/JLC, LLC which owns 20% of the Company. MJE-Loop Capital Partners LLC (“**JLC Infrastructure**”) is an investor and asset management firm focused on the transportation, energy, utilities, communications and social infrastructure sectors in the United States. The firm was formed in 2015 by certain principals of Loop Capital and Magic Johnson Enterprises. A subsidiary of JLC Infrastructure is the general partner of JLC Infrastructure Fund I L.P. and JLC Infrastructure serves as the investment adviser.

As of September 21, 2017, JLC Infrastructure had approximately \$300 million in assets under management (which included committed capital from its partners) of which approximately \$298 million was undrawn capital. In August 2017, the firm made an investment in LaGuardia Gateway Partners, LLC, which is carrying out the LaGuardia Airport Terminal B redevelopment project.

Loop Capital is the trade name of a full-service investment bank, brokerage and advisory firm based in Chicago, IL. The firm serves corporate, institutional and governmental entities worldwide with over 150 professionals. Loop Capital Markets LLC, a member of the Loop Capital family of companies, is serving as an underwriter for the Series 2017 Bonds.

Magic Johnson Enterprises (“**MJE**”) invests in varied businesses across multiple industries that it believes support the development and empowerment of communities nationwide. Founded in 1987, MJE provides access to high-quality entertainment, products and services that seek to answer the demands of multicultural communities. MJE has made significant investments in the asset management, sports and entertainment sectors.

None of the obligations in respect of the Bonds or any of the Transaction Documents (other than the obligations of S/JLC, LLC under the Equity Contribution Agreement) will constitute obligations of or be guaranteed by JLC Great Hall LLC, JLC Infrastructure Fund I L.P., Loop Capital Markets LLC, MJE any fund advised by JLC Infrastructure or any of their affiliates (other than the Company). Except for the obligations of S/JLC, LLC under the Equity Contribution Agreement, none of JLC Great Hall LLC, JLC Infrastructure Fund I L.P., Loop Capital Markets LLC, MJE, any fund advised by the JLC Infrastructure or any of their affiliates other than the Company will be bound by the covenants set forth in the Financing Documents. Moreover, after the date of issuance of the Bonds, the Company will not provide updated information about JLC Great Hall LLC, JLC Infrastructure Fund I L.P., Loop Capital Markets LLC, MJE, any fund managed or advised by JLC Infrastructure or any of their affiliates (other than the Company) to the holders of the Bonds.

Saunders Concessions, LLC

Overview

Saunders Concessions, LLC (“**Saunders Concessions**”) is a member of S/JLC, LLC (an Equity Participant with an Aggregate Capital Commitment representing 20% (twenty percent) of the total capital commitments of the Equity Participants under the Equity Contribution Agreement) and holds a 5% (five percent) membership interest in such company.

Saunders Concessions is a special purpose entity created to serve clients’ needs for an alternative delivery method for construction projects that includes design-build, finance, operations and any other component, and to service the P3 market. Saunders Concessions is a wholly owned subsidiary of Saunders Construction, Inc. (“**Saunders**”). Separately, Saunders Construction, LLC (“**Saunders Construction**”), is a joint venture participant in the sub-contractor of the D&C Contractor Work, Great Hall Builders, LLC. Saunders Construction holds a 30% interest in the entity to which the D&C Contractor Work is subcontracted as described in “PROJECT PARTICIPANTS—The Contractor and the Guarantor.” Saunders Construction is a wholly owned subsidiary of Saunders. Saunders was established in 1972, and is a local, employee-owned corporation headquartered in Englewood, Colorado performing work in 14 states across the United States of America. Saunders is managed by a Board of Directors and a nine person executive team focused on daily operations. Saunders employs more than 500 skilled field and office personnel including foremen, carpenters and laborers. Saunders provides a wide range of services including

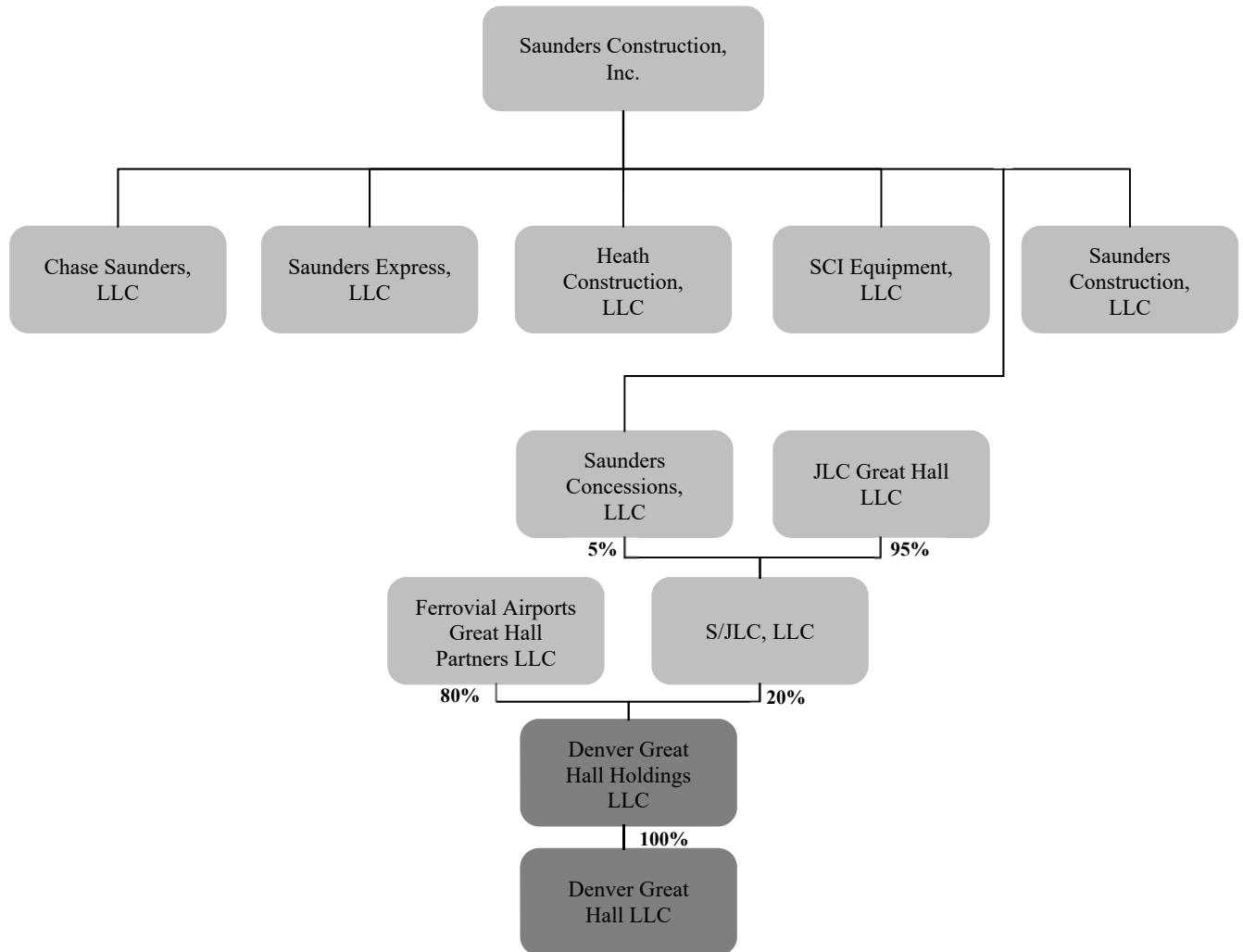
construction management, general contracting and development. These services are provided to various types of commercial projects, such as education, municipal, retail, healthcare and industrial. Saunders was ranked number three on the Engineering News-Record's 2016 Colorado/Wyoming Top Contractors List based on regional revenue.

Over the last 45 years, Saunders has completed a wide range of projects – from new builds in the hundreds of millions of dollars to complex occupied renovations, some of which have included complex phasing and coordination endeavors. Some of the most complex projects undertaken by Saunders and completed in the last few years include:

- Denver International Airport Hotel and Transit (Denver, Colo.) \$375 Million Project, which included the construction of a 519-room Westin hotel and conference center as well as a new public transit center that connects the Airport to downtown Denver in approximately 35 minutes.
- Colorado State University Lory Student Center Revitalization (Fort Collins, Colo.) \$75 Million Project, which consisted of approximately 60,000 sq. ft. of new construction and 140,000 sq. ft. of remodeled multi-use office, student support, dining and building support space. The facility remained open to students during construction.
- University of Colorado Boulder Student Recreation Center \$53 Million Project, which was a renovation to the University of Colorado Boulder's student recreation center (while still remaining open to students) and the construction of new facilities in excess of 70,000 square feet. Such project required a phasing plan, extensive partition systems to keep construction operations away from users and continuous monitoring of noise, temperature and dust to ensure comfort of students and faculty.
- 9th and Colorado Redevelopment (Denver, Colo.) \$170 Million. Saunders demolished the existing buildings at the site formerly occupied by the University of Colorado Health Sciences Center. The site is a 26-acre urban infill that is being developed into a \$419 million redevelopment that will include 900 to 1,100 units of apartments and housing, 250,000 square feet of retail and 125,000 square feet of office space.
- Denver Art Museum North Building Expansion (Denver, Colo.) \$150 Million. Saunders has commenced the Denver Art Museum (DAM) North Building Expansion, which will include construction of a new 40,000-square-foot welcome center and renovation of the north tower of the museum.

None of the obligations in respect of the Bonds or any of the Transaction Documents (other than the obligations of S/JLC, LLC under the Equity Contribution Agreement), will constitute obligations of, or be guaranteed by Saunders, Saunders Construction or Saunders Concessions or any of their affiliates (other than the Company). Except for the obligations of S/JLC, LLC under the Equity Contribution Agreement, none of Saunders, Saunders Construction or Saunders Concessions or any of their affiliates (other than the Company) will be bound by the covenants set forth in the Financing Documents. After the date of issuance of the Bonds, the Company will not provide updated information about Saunders, Saunders Construction or Saunders Concessions or any of their affiliates to the holders of the Bonds.

Organization Structure



The Contractor and the Guarantor

The Contractor

Ferrovial Agroman West, LLC (the “**Contractor**”) has entered into the Design and Construction Contract with the Company to serve as the lead contractor for the Project. The Contractor is a wholly owned subsidiary of Ferrovial Agroman US Corp. and an indirect subsidiary of Ferrovial US Construction Corp. (“**Ferrovial US Construction**” or the “**Guarantor**”). Ferrovial US Construction will serve as guarantor of the Contractor under the Design and Construction Contract, pursuant to the Affiliate Company Guaranty, between the Guarantor and the Company, dated July 26, 2017 (the “**Affiliate Company Guaranty**”).

The Contractor has separately entered into that certain Design Build Contract, dated July 26, 2017 (as may be amended from time to time), with Great Hall Builders, LLC, which is a joint venture between the Contractor and Saunders Construction, LLC, pursuant to which Great Hall Builders, LLC will undertake all of the D&C Contractor Work. The Contractor owns 70% of the interests in Great Hall Builders, LLC. The sub-contracting arrangement does not diminish, alter or change the obligations of the Contractor pursuant to the Design and Construction Contract with the Company. Saunders Construction, LLC is wholly owned by Saunders Construction, Inc. which entity also wholly owns Saunders Concessions, LLC, a member of S/JLC, LLC. S/JLC, LLC is an Equity Participant. For a description

of the construction experience of Saunders Construction, LLC, through its affiliate, see “PROJECT PARTICIPANTS—Saunders Concessions, LLC.”

The Contractor is experienced in performing design-build projects, including its current performance, through a subsidiary, of the design and construction of the California High Speed Rail Package 4 project. The project consists of 21 miles of trackway through the counties of Tulare and Kern in the vicinity of Wasco, California. It includes several grade separated crossings; one water crossing; a pedestrian crossing/structure; a non-standard structure in the City of Wasco; and a structure over SunnyGem. It also includes the partial realignment of the existing BNSF track.

The Guarantor

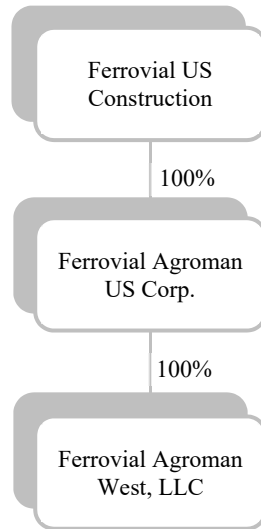
The Guarantor is a U.S. construction company that engages in civil engineering as well as transportation, commercial and industrial construction. Ferrovial US Construction has more than 50 years of construction experience through its subsidiaries, including complex design-bid-build, design-build, and design, build, finance, operate and maintain infrastructure projects. Ferrovial US Construction, through its subsidiaries, employs over 2,500 construction professionals in the United States and has completed or is in the process of completing major design-build contracts in the United States totaling \$9.1 billion. The total backlog of the Guarantor on a consolidated basis as of December 31, 2016 was \$2.6 billion, representing \$1.4 billion from Ferrovial Agroman US Corp. and its subsidiaries, and \$1.2 billion from Webber, LLC and its subsidiaries. The total current backlog of the Guarantor on a consolidated basis is \$5.2 billion, representing \$3.5 billion from Ferrovial Agroman US Corp. and its subsidiaries, and \$1.7 billion from Webber, LLC and its subsidiaries.

Affiliates of Ferrovial US Construction have performed construction on 40 airports around the world, including projects related to Heathrow Terminal 2, Malaga Terminal 3, Barcelona New Terminal Area (Processor), Fuerteventura Terminal Expansion, Madrid’s Barajas Terminal and Barcelona’s El Prat Terminal 1. In 2010 in the United States, Ferrovial US Construction, through a subsidiary, completed the construction of the superstructure and train deck of the George Bush Intercontinental Airport Automated People-Mover. In 2012, a subsidiary of Ferrovial US Construction refurbished and constructed the WA-WB Taxiways of the George Bush Intercontinental Airport and also undertook upgrades to the electrical systems and construction of a new FAA communications vault. Ferrovial US Construction, through a subsidiary, is engaged in the design and construction of a project management office at the George Bush Intercontinental Airport.

Pursuant to the Affiliate Company Guaranty, Ferrovial US Construction will guaranty the obligations of the Contractor under the Design and Construction Contract. None of the obligations of the Bonds or any of the Transaction Documents will be obligations of or be guaranteed by Ferrovial US Construction or any of its affiliates (other than the Company), Ferrovial Airports Great Hall Partners LLC with respect to its obligations under the Equity Contribution Agreement, the Contractor with respect to its obligations under the Design and Construction Contract and Ferrovial US Construction with respect to its guarantee of the obligations of the Contractor. In addition, none of Ferrovial US Construction or any of their affiliates other than the Company and, to the extent set forth in the Equity Contribution Agreement, Ferrovial Airports Great Hall Partners LLC, will be bound by the covenants set forth in the Financing Documents. After the date of the issuance of the Series 2017 Bonds, the Company will not provide updated information about Ferrovial US Construction or the Contractor or any of their affiliates (other than the Company) to the holders of the Series 2017 Bonds.

Organizational Structure

Ferrovial US Construction is the indirect parent of the Contractor.



Summary Financial Data

Summary Financial Data for Ferrovial US Construction Corp.

	At and for the year ended December 31		
	2014	2015	2016
	U.S.\$	U.S.\$	U.S.\$
Income Statement Data:			
Sales	1,451	1,140	988
Total Operating Revenues	1,451	1,140	988
Total Operating Expenses	1,279	834	906
Net Operating Income	172	306	82
Net Income Attributable to Ferrovial US Construction Corp.	121	202	60
Balance Sheet Data:			
Total Assets	1,520	1,478	1,584
Total Liabilities	1,107	848	896
Total Long Term Debt	0	0	0
Total Shareholders' Equity	413	630	688

The Issuer

Formation and Governance

In early 2010, both houses of the Wisconsin Legislature passed 2009 Wisconsin Act 205 (“Act 205”), which was signed into law by the Governor of the State on April 21, 2010. Act 205 added Sections 66.0304 to the Wisconsin Statutes (the “Statute”) authorizing two or more political subdivisions to create a commission to issue bonds under the Statute. Before an agreement for the creation of such a commission could take effect, Act 205 required that such agreement be submitted to the Attorney General of the State to determine whether the agreement is in proper form and compatible with the State Laws. The Issuer was formed upon execution of a Joint Exercise of Powers Agreement Relating to the Public Finance Authority dated as of June 30, 2010, as amended by an Amended and Restated Joint Exercise of Powers Agreement Relating to the Public Finance Authority dated September 28, 2010 (as so amended and as may be further amended from time to time, the “Joint Exercise Agreement”) among Adams County, Wisconsin, Bayfield County, Wisconsin, Marathon County, Wisconsin, Waupaca County, Wisconsin and the City of Lancaster, Wisconsin (each a “Member” and, collectively, the “Members,” which term shall include any political subdivision that has been designated in the past, or from time to time in the future as a “Member” of the Issuer pursuant to the Joint Exercise Agreement). The Joint Exercise Agreement was approved by the Attorney General on September 30, 2010. The Statute also provides that only one commission may be formed thereunder.

Pursuant to the Statute, the Issuer is a unit of government and a body corporate and politic separate and distinct from, and independent of, the State and the Members. The Issuer was established by local governments, primarily for local governments, for the public purpose of providing local governments a means to efficiently, and reliably finance projects that benefit local governments, and nonprofit organizations and other eligible private borrowers in the State and throughout the country.

Powers

Under the Statute, the Issuer has all of the powers necessary or convenient to any of the purposes of Act 205, including the power to issue bonds, notes or other obligations or refunding obligations to finance or refinance a project, make loans to, lease property from or to, and enter into agreements with a participant or other entity in connection with financing a project. The proceeds of bonds issued by the Issuer may be used for a project in the State or any other state or territory of the United States, or outside the United States if a participating borrower is incorporated and maintains its principal place of business in the United States or its territories. The Statute defines “project” as any capital improvement, purchase of receivables, property, assets, commodities, bonds or other revenue streams or related assets, working capital program, or liability or other insurance program, located within or outside of the State.

Local and TEFRA Approvals

Pursuant to Subsection (11)(a) of the Statute and Section 4 of the Joint Exercise Agreement, financing for any “capital improvement project” located outside the State requires approval from the governing body or highest-ranking executive or administrator of at least one political subdivision within whose boundaries the capital improvement project is located (the “**Issuer Local Approval Requirement**”). The issuance of the Bonds was approved (i) by the Board of Supervisors of Marathon County, Wisconsin, a Member of the Issuer duly authorized to give such approval on behalf of the Issuer, on September 27, 2017, and (ii) by the City on September 29, 2017 in each case after public notice and hearing. Such approvals were given in satisfaction of and in accordance with the requirements of Section 147(f) of the U.S. Code and the Issuer Local Approval Requirement, as applicable.

Governing Body

The Joint Exercise Agreement provides for a Board of Directors of the Issuer (the “**Board**”) consisting of seven directors (each a “**Director**” and collectively, the “**Directors**”), a majority of whom are required to be public officials or current or former employees of a political subdivision located in the State. The Directors serve staggered three-year terms. The Directors are selected by majority vote of the Board based upon nominations from the organization that nominated the predecessor Director. Four Directors are nominated by the Wisconsin Counties Association, and one Director is nominated from each of the National League of Cities, the National Association of Counties and the League of Wisconsin Municipalities (collectively, the “**Sponsors**” and each a “**Sponsor**”). Each of the nominating organizations may also nominate an alternate Director for each Director it nominates to serve on the

Board in the place of and in the absence or disability of a Director. Directors and alternate Directors may be removed and replaced at any time by the Board upon recommendation of the Sponsor that nominated such Director.

The Directors are identified in the table below. There is currently one vacant Board seat (representing the nominee of the National League of Cities) and one Alternate Director (nominated by the Wisconsin Counties Association).

<u>Name</u>	<u>Title</u>	<u>Current Term Expires (May 31)</u>	<u>Position</u>
William Kacvinsky	Chair	2018	Former Board Chair – Bayfield County, Wisconsin
Jerome Wehrle	Vice Chair	2018	Former Mayor – City of Lancaster, Wisconsin
Heidi Dombrowski	Treasurer	2019	Finance Director – Waupaca County, Wisconsin
Allen Buechel	Secretary	2019	County Executive – Fond du Lac County, Wisconsin
Del Twidt	Director	2019	Former Board Chair – Buffalo County, Wisconsin
Michael Gillespie	Director	2020	Former Chair – Madison County, Alabama Board of Commissioners
John West	Alternate Director**	2019	Board Chair – Adams County, Wisconsin

** Mr. West is an alternate for Directors Buechel, Dombrowski and Twidt.

The following are the duly appointed, qualified and acting officers of the Issuer who are not members of the Board:

<u>Name</u>	<u>Title</u>
Mark D. O’Connell	Assistant Secretary
Lynda Bradstreet	Assistant Secretary
Michael Lamont	Assistant Secretary
Ann Marie Austin	Assistant Secretary

The Issuer has no employees and contracts with a full-service program management firm, GPM Municipal Advisors, LLC, to manage the day-to-day operations of the Issuer, including, but not limited to, staff and administrative support and ongoing compliance matters. All of the services provided by GPM Municipal Advisors, LLC, are subject to review and approval by the Board.

Resolution; Approval

On October 18, 2017, the Board adopted the Resolution approving the issuance of the Bonds.

Limited Obligations

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE PAYMENTS MADE BY THE COMPANY UNDER THE LOAN AGREEMENT AND THE SERIES 2017 BONDS AND FROM THE TRUST ESTATE, AND EXCEPT FROM SUCH SOURCE, NONE OF THE ISSUER,

ANY SPONSOR (AS DEFINED HEREIN), ANY MEMBER (AS DEFINED HEREIN), ANY ISSUER INDEMNIFIED PERSON, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE BONDS SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST THEREON OR ANY COSTS INCIDENTAL THERETO. THE BONDS ARE NOT A DEBT OF THE STATE OR ANY MEMBER AND DO NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY MEMBER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE BONDS TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE SERIES 2017 BONDS OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY MEMBER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE BONDS, NOR THE FAITH AND CREDIT OF THE ISSUER OR OF ANY SPONSOR OR ANY ISSUER INDEMNIFIED PERSON, SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2017 BONDS OR ANY COSTS INCIDENTAL THERETO. THE ISSUER HAS NO TAXING POWER.

Other Obligations

The Issuer has issued, sold and delivered in the past, and expects to issue, sell and deliver in the future, obligations other than the Bonds, which other obligations are and will be secured by instruments separate and apart from the Indenture and the Bonds. The holders of such obligations of the Issuer will have no claim on the security for the Bonds, and the owners of the Bonds will have no claim on the security for such other obligations issued by the Issuer.

Limited Involvement of the Issuer

The Issuer has not participated in the preparation of or reviewed any appraisal for the Project or any feasibility study or other financial analysis of the Project and has not undertaken to review or approve expenditures for the Project, to supervise the construction of the Project, or to review the financial statements of the Company.

The Issuer is not responsible for any statements made in this Official Statement except with respect to the statements made under this section (“PROJECT PARTICIPANTS—The Issuer”) and the section titled “NO LITIGATION—The Issuer” herein. Except for the execution and delivery of documents required to effect the issuance of the Bonds, the Issuer has not otherwise assisted in the public offer, sale or distribution of the Bonds. Accordingly, except as aforesaid, the Issuer disclaims responsibility for the disclosures set forth in this Official Statement or otherwise made in connection with the offer, sale and distribution of the Bonds.

PROJECTED SOURCES AND USES OF FUNDS AND PROJECTED FINANCIAL INFORMATION

Overview of Projected Sources and Uses of Funds

The costs of the Company related to the planning, development, design and construction of the Project are estimated to be approximately \$650 million, to be expended over an expected 50 month period. The Company expects to pay such costs from the following sources: (i) equity contributions received by the Company from the Equity Participants on the terms and conditions set forth in the Equity Contribution Agreement, (ii) the proceeds of the issuance of the Series 2017 Bonds and interest income on such proceeds, (iii) Progress Payments received from the Owner under the Development Agreement and (iv) Company Commercial Revenues received from the Project prior to the Project Substantial Completion Date.

The following sources and uses table sets forth the projected amounts of the financing sources for the Project as well as the anticipated uses thereof. Potential investors in the Series 2017 Bonds should note that these are projected sources and uses and are used herein for informational purposes only and that the amounts of the actual sources and uses of the proceeds from the financing of the Project may bear no correlation to the estimates included herein and do not create any obligation for the Equity Participants or any other person to contribute the estimated amount included.

Allocation of the Proceeds of the Bonds at Financial Close*

(amounts in dollars)

Sources

Par Amount of Series 2017 Bonds	\$189,065,000
Original Issue Premium	25,448,088
Total Sources	\$214,513,088

Uses

Deposit to Bonds Sub-Account of the Construction Account	\$172,935,007
Costs of Issuance ⁽¹⁾	4,290,262
Bonds Interest Reserve Sub-Account ⁽²⁾	37,287,819
Total Uses	\$214,513,088

* Totals presented may not add up due to rounding.

¹ Includes underwriters' fees and discount and costs of issuance of the Series 2017 Bonds. The costs of issuance of the Series 2017 Bonds are expected to be paid with Series 2017 Bond proceeds and/or other available funds of the Company, as applicable.

² The Bonds Interest Reserve Sub-Account is expected to be funded using Series 2017 Bond proceeds in an amount equal to the total interest due on the Series 2017 Bonds until the Scheduled Project Substantial Completion Date. Funds in such account may only be used to pay interest on the Series 2017 Bonds. No amounts withdrawn from such account are required to be replenished. Any remaining unused balance in the Bonds Interest Reserve Sub-Account on the Project Substantial Completion Date will be transferred to the Proceeds Account to the extent permitted by applicable State Laws, the Code and the U.S. Treasury regulations.

Projected Sources and Uses of Funds Prior to Project Substantial Completion*

(amounts in dollars)

Sources

Series 2017 Bonds	\$189,065,000
Premium on the Series 2017 Bonds	25,448,088
Equity	69,445,052
Progress Payments	479,245,000
Concessions Revenue ⁽¹⁾	3,806,685
Total Sources of Funds	\$767,009,825

Uses

D&C Contract Amount	\$650,000,000
Operations and Maintenance Expenditures (which include Owner Commercial Revenue)	39,452,822
Development Fee and Bid Costs ⁽²⁾	13,093,524
Bonds – Costs of Issuance including underwriters discount and other fees ⁽³⁾	4,965,613
Bonds – Bonds Interest Reserve Sub-Account to fund interest during Construction ⁽⁴⁾	37,287,819
Debt Service Reserve Account ⁽⁵⁾	5,781,625
Major Maintenance Reserve Account ⁽⁶⁾	5,486,585
Letter of Credit Costs	7,083,545
Working Capital	3,858,291
Total Uses of Funds	\$767,009,825

* Totals presented may not add up due to rounding.

¹ The Company does not currently expect to charge Non-Concessions Revenues, although is permitted to do so in the future under the Development Agreement. See—“THE PROJECT—Progress Payments, Revenues of the Company, Supplemental Payments and Company Commercial Revenue.”

² See “THE PRINCIPAL PROJECT AGREEMENTS— Certain Other Project Related Agreements—*Letter Agreement related to Financial Close Distributions.*”

³ The costs of issuance of the Series 2017 Bonds, including underwriter’s discount and other fees, are expected to be paid with Series 2017 Bond proceeds and/or other available funds, as applicable. The reflected amount includes part of the amounts to be paid under the Letter Agreement related to Financial Close Distributions. See “THE PRINCIPAL PROJECT AGREEMENTS— Certain Other Project Related Agreements—*Letter Agreement related to Financial Close Distributions.*”

⁴ The Bonds Interest Reserve Sub-Account is expected to be funded using Series 2017 Bond proceeds in an amount equal to the total interest due on the Series 2017 Bonds until the Scheduled Project Substantial Completion Date. Funds in such account may only be used to pay interest on the Series 2017 Bonds. No amounts withdrawn from such account are required to be replenished. Any remaining unused balance in the Bonds Interest Reserve Sub-Account on the Project Substantial Completion Date will be transferred to the Proceeds Account to the extent permitted by applicable State Laws, the Code and the U.S. Treasury regulations.

⁵ The Debt Service Reserve Account will be funded by the Company (or directly funded by the Equity Participants under the terms of the Equity Contribution Agreement), to the extent of available funds, on the Project Substantial Completion Date in an amount equal to the Debt Service Reserve Required Balance, as indicated in the table. See clause Seventh of "PROJECT ACCOUNTS AND FLOW OF FUNDS—Flow of Funds."

⁶ The Major Maintenance Reserve Account will be initially funded by the Company (or directly funded by the Equity Participants under the terms of the Equity Contribution Agreement), to the extent of available funds, on the Project Substantial Completion Date in an amount equal to the Major Maintenance Reserve Required Balance, as indicated in the table. See clause Eighth of "PROJECT ACCOUNTS AND FLOW OF FUNDS—Flow of Funds."

Overview of Projected Financial Information

The Company has agreed to pay the principal of, interest on and Redemption Price, if any, of the Bonds from Project Revenues, which consist of (i) primarily Supplemental Payments received by the Company from the Owner under the Development Agreement, (ii) certain Company Commercial Revenues received by the Company from the operation of the Concessions Program and (iii) other funds as defined in Appendix A. The proportion of expected Project Revenues generated through each of the Supplemental Payments and the Company Commercial Revenues for such purposes is illustrated in "—Projected Cash Flow and Debt Service Coverage for the Bonds During Operations."

Payments under the Development Agreement by the Owner will be paid from the Airport System Fund. The Owner has no obligation to make payments from any other source. The Owner has secured its obligation to make the Supplemental Payments to the Company by adopting the Supplemental Junior Lien Bond Ordinance which obligates the Owner to make the Supplemental Payments from the Junior Lien Obligations Fund of the Airport System Fund. The Owner may also use any other funds available to it in the Airport System Fund.

The following tables set forth the annual debt service requirements for the Series 2017 Bonds as well as the projected cash flow and debt service coverage for the Series 2017 Bonds using an interest rate of 5% per annum. The tables were prepared based on information furnished by the Company, as well as based on information taken from the report prepared by ICF attached hereto as Appendix H. None of the Issuer, the Company, the Underwriters nor the consultants who prepared the attached reports represents or warrants that the estimates and projections in the following tables are accurate or will be met. In addition, none of the Issuer, the Company, the Underwriters nor the consultants who prepared the attached reports gives any assurance that the actual financial results of the Project will meet or exceed the estimates and projections set forth in the following tables, or assumes any obligation to update any of the information in the tables. See the forward-looking statements disclaimer provided on page ii hereof for additional information regarding the risks and uncertainties surrounding the information included in the following tables. See "CONSULTANTS REPORTS."

Annual Bond Debt Service Requirements

(dollars in thousands)

<u>Year</u>	<u>Debt Total Service on the Bonds</u>	<u>Principal</u>	<u>Interest*</u>
2017	-	-	-
2018	\$7,353	-	\$7,353
2019	9,453	-	9,453
2020	9,453	-	9,453
2021	9,453	-	9,453
2022	11,032	\$1,605	9,427
2023	10,723	1,365	9,358
2024	11,019	1,735	9,284
2025	11,298	2,105	9,193
2026	11,549	2,465	9,084
2027	11,840	2,885	8,955
2028	12,155	3,350	8,805
2029	12,347	3,715	8,632
2030	11,545	3,095	8,450
2031	10,037	1,725	8,312
2032	9,656	1,420	8,236
2033	11,432	3,285	8,147
2034	13,488	5,535	7,953
2035	14,585	6,930	7,655
2036	14,993	7,695	7,298
2037	15,240	8,335	6,905
2038	13,688	7,190	6,498
2039	11,683	5,525	6,158
2040	11,188	5,295	5,893
2041	13,225	7,620	5,605
2042	14,416	9,220	5,196
2043	13,342	8,605	4,737
2044	12,757	8,440	4,317
2045	14,925	11,055	3,870
2046	17,643	14,370	3,273
2047	19,270	16,750	2,520
2048	19,859	18,195	1,664
2049	20,292	19,555	737
Total	\$410,937	\$189,065	\$221,872

* Interest accrues from the date of the issuance of the Series 2017 Bonds. Semi-annual payments occur on each March 31 and September 30.

Projected Cash Flow and Debt Service Coverage for the Bonds During Operations*

(dollars in thousands)

	<u>Commercial Revenues</u> ⁽¹⁾	<u>Supplemental Payments</u> ⁽²⁾	<u>Other Revenues</u> ⁽³⁾	<u>Aggregate Revenues</u>	<u>Operations and Maintenance Expenses</u> ⁽⁴⁾	<u>Major Maintenance Costs and Capital Expenditures</u> ⁽⁵⁾	<u>Deposits into and Releases from Major Maintenance Reserve Account</u>	<u>Net Cash Flow Available for Debt Service</u>	<u>Debt Service on the Bonds</u> ⁽⁶⁾	<u>DSCR</u>
	(a)	(b)	(c)	A=(a+b+c)	B	C	D	E=(A+B+C+D)	F	E/F
Oct. 2021 - Sept. 2022	\$9,668	\$17,197	\$77	\$26,942	\$(15,203)	\$(19)	\$5,398	\$17,119	\$9,456	1.81x
Oct. 2022 - Sept. 2023	14,114	26,055	82	40,251	(20,747)	(47)	(43)	19,413	10,723	1.81x
Oct. 2023 - Sept. 2024	14,664	26,675	93	41,431	(21,379)	(77)	(25)	19,951	11,019	1.81x
Oct. 2024 - Sept. 2025	15,234	27,309	103	42,646	(22,086)	(108)	(2)	20,450	11,298	1.81x
Oct. 2025 - Sept. 2026	15,649	27,959	112	43,721	(22,691)	(100)	(28)	20,902	11,549	1.81x
Oct. 2026 - Sept. 2027	16,230	28,625	121	44,977	(23,402)	(113)	(26)	21,436	11,840	1.81x
Oct. 2027 - Sept. 2028	16,949	29,306	128	46,384	(24,254)	(147)	13	21,997	12,155	1.81x
Oct. 2028 - Sept. 2029	17,832	30,004	131	47,967	(25,230)	(139)	(248)	22,350	12,347	1.81x
Oct. 2029 - Sept. 2030	18,678	30,718	136	49,533	(26,211)	(109)	(2,309)	20,904	11,545	1.81x
Oct. 2030 - Sept. 2031	19,482	31,450	180	51,112	(27,154)	(280)	(5,512)	18,167	10,037	1.81x
Oct. 2031 - Sept. 2032	20,310	32,199	269	52,778	(28,124)	(3,983)	(3,196)	17,475	9,656	1.81x
Oct. 2032 - Sept. 2033	21,648	32,965	299	54,912	(29,463)	(8,319)	3,562	20,692	11,432	1.81x
Oct. 2033 - Sept. 2034	22,791	33,751	234	56,775	(30,747)	(7,160)	5,542	24,410	13,488	1.81x
Oct. 2034 - Sept. 2035	23,734	34,554	169	58,457	(31,835)	(2,246)	2,021	26,398	14,585	1.81x
Oct. 2035 - Sept. 2036	24,703	35,378	155	60,235	(32,952)	(260)	109	27,133	14,993	1.81x
Oct. 2036 - Sept. 2037	25,701	36,220	154	62,076	(34,102)	(165)	(228)	27,581	15,240	1.81x
Oct. 2037 - Sept. 2038	23,311	37,083	155	60,549	(32,754)	(130)	(2,890)	24,775	13,688	1.81x
Oct. 2038 - Sept. 2039	22,707	37,967	206	60,880	(32,258)	(156)	(7,312)	21,154	11,683	1.81x
Oct. 2039 - Sept. 2040	24,198	38,872	319	63,389	(33,792)	(5,079)	(4,267)	20,251	11,188	1.81x
Oct. 2040 - Sept. 2041	25,411	39,798	346	65,555	(35,196)	(10,832)	4,404	23,931	13,225	1.81x
Oct. 2041 - Sept. 2042	26,419	40,747	266	67,432	(36,399)	(9,324)	4,392	26,102	14,416	1.81x
Oct. 2042 - Sept. 2043	27,468	41,718	232	69,418	(37,645)	(2,904)	(4,719)	24,150	13,342	1.81x
Oct. 2043 - Sept. 2044	28,558	42,712	327	71,598	(38,936)	(5,177)	(4,400)	23,086	12,757	1.81x
Oct. 2044 - Sept. 2045	29,692	43,731	366	73,788	(40,273)	(10,973)	4,475	27,017	14,925	1.81x
Oct. 2045 - Sept. 2046	30,871	44,773	265	75,908	(41,659)	(9,670)	7,362	31,941	17,643	1.81x
Oct. 2046 - Sept. 2047	32,793	45,841	185	78,819	(43,585)	(3,238)	2,886	34,882	19,270	1.81x
Oct. 2047 - Sept. 2048	34,441	46,934	174	81,549	(45,436)	(426)	253	35,941	19,859	1.81x
Oct. 2048 - Sept. 2049	36,066	48,053	176	84,295	(47,467)	(214)	110	36,723	20,292	1.81x
Total	\$639,323	\$988,592	\$5,461	\$1,633,377	\$(880,979)	\$(81,392)	\$5,324	\$676,330	\$373,649	1.81x

* Debt service coverage ratios shown on this table do not account for additional senior debt that may be incurred by the Company to the extent permitted by the Financing Documents relating to the Bonds.

1 Commercial Revenues include both Developer Commercial Revenue and Owner Commercial Revenue. Commercial Revenues are based on projections included in the Project Consultant Report (ICF), including projections in Sections 10.3.1. and 10.4 of the Project Consultant Report.

2 Amounts shown for the period October 2021- September 2022 reflect only 8 months of accrued Supplemental Payments.

3 Includes interest income paid in respect of any funds on deposit in the Project Accounts.

4 Operations and Maintenance Expenses include all actual cash maintenance and operation costs (excluding Major Maintenance and Required Capital Expenditures), including Owner Commercial Revenue and financing fees of the Issuer, the Collateral Agent, the Trustee and the rating agencies and, in certain instances, are projections by the Company. The numbers are based on projections included in the Project Consultant Report (ICF), including projections in Sections 10.3.2. and 10.4 of the Project Consultant Report. The Company expects that its annual Operation and Maintenance Expenses will increase by approximately \$30,000 (thirty thousand dollars) from amounts shown here as a result of an increase in the fees paid to the Issuer.

5 This column reflects actual Major Maintenance Costs and Required Capital Expenditures, all of which are expected to be funded from the Major Maintenance Reserve Account. The numbers are based on projections included in the Project Consultant Report (ICF), including projections in Chapter 9 of the Project Consultant Report.

6 Values reflect net debt service (net of capitalized interest) on the Bonds for the last twelve months as of the previous month of September of the applicable year.

FINANCING FOR THE PROJECT

The following is a summary of selected provisions of certain principal documents relating to the financing of the Project and is not a full statement of the terms of each such agreements. Accordingly, the following summaries are qualified in their entirety by reference to such agreements and are subject to the full text of such agreements. A copy of each of the agreements is available, free of charge, upon request from the Company or the Trustee. Unless otherwise stated, any reference in this Official Statement to any agreement means such agreement and all schedules, exhibits and attachments thereto. For a more detailed summary of the principal provisions of the Indenture, see Appendix E—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.” For a more detailed summary of the principal provisions of the Loan Agreement, see Appendix F—“SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT.”

Senior Debt

The initial Senior Obligations incurred in connection with the financing of the Project are expected to be the Series 2017 Bonds issued pursuant to the Indenture. Upon the issuance of the Series 2017 Bonds, the proceeds of the Series 2017 Bonds will be immediately loaned by the Issuer to the Company in accordance with and subject to the terms of the Loan Agreement. The Series 2017 Bond proceeds will be deposited initially into the Bonds Sub-Account of the Construction Proceeds Account, the Costs of Issuance Sub-Account of the Construction Proceeds Account and the Bonds Interest Reserve Sub-Account of the Construction Proceeds Account, and invested in Permitted Investments, at the direction of the Company. Revenues and certain other cash available to the Company will be applied to the payment of debt service on the Bonds to the extent described herein and in accordance with the Collateral Agency Agreement. For more information, see “PROJECT ACCOUNTS AND FLOW OF FUNDS—Flow of Funds.”

Indenture

General. The Issuer and the Trustee will enter into the Indenture pursuant to which the Bonds will be issued. For more information relating to certain terms of the Indenture, including a more detailed summary of the covenants and events of default included therein, see “THE BONDS” and Appendix E—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Trust Estate. The Issuer, in order to secure the payment of the Bonds, will pledge and assign to the Trustee and to its successors and assigns pursuant to the terms of the Indenture, subject to the Security Documents, for the benefit of the Beneficial Owners of the Bonds, all of the following described property, franchises, rights and income, including any title or interest therein acquired after the Closing Date (collectively, the “Trust Estate”):

(a) all right, title and interest of the Issuer (except for Reserved Rights) under, in and to the Loan Agreement and any lien created for the benefit of the Issuer in respect of the foregoing under the Security Documents, or otherwise, and the present and continuing right of the Issuer to make a claim for, collect and receive any of the sums, amounts, income, revenues, issues and profits and any other sums of money payable or receivable under the Loan Agreement or the Security Documents (except in respect of the Reserved Rights), to bring actions and proceedings thereunder or for the enforcement thereof (except in respect of the Reserved Rights), and to do any and all things which the Issuer (or the Collateral Agent on behalf of the Trustee) is entitled to do under the Loan Agreement and Security Documents;

(b) all monies from time to time held by the Trustee under the Indenture in any Fund or Account other than (i) the Rebate Fund, (ii) any Defeasance Escrow Account, and (iii) any rebate fund established for Additional Parity Bonds;

(c) subject to the Collateral Agency Agreement and the Intercreditor Agreement (if any), all funds deposited from time to time and earnings thereon in the Project Accounts (other than the Distribution Account) and any and all other accounts established from time to time pursuant to the Collateral Agency Agreement, and any and all sub-accounts created thereunder, each held by the Collateral Agent under the Collateral Agency Agreement;

(d) proceeds of the foregoing and any and all other property, revenues, rights or funds received from time to time under the Indenture by delivery or by writing of any kind specially granted, assigned or pledged as and for additional security for any of the Bonds or the Loan Agreement in favor of the Trustee or the Collateral Agent on behalf of the Trustee, including any of the foregoing granted, assigned or pledged by the Company or any other person on behalf of the Company, and the Trustee or Collateral Agent on behalf of the Trustee has been authorized under the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture and the terms of the Collateral Agency Agreement.

Funds to Be Established under the Indenture.

Debt Service Fund. The Indenture will create with the Trustee a special fund designated as the “Denver International Airport Great Hall Project Debt Service Fund” (the “Debt Service Fund”), and within the Debt Service Fund, three special accounts designated the “Interest Account”, the “Principal Account” and the “Redemption Account” (collectively, the “Accounts”). Monies in each Account will be used solely for the *pro rata* payment (within each Account, with amounts in respect of interest having priority over amounts in respect of principal) of, as applicable, the principal of and interest on and the Redemption Price of the Bonds; provided that (A) monies paid by the Issuer for the redemption of the Bonds will be used to pay the Redemption Price of the Bonds; and (B) monies held in each Account following an Event of Default under the Indenture will be used as described in “FINANCING FOR THE PROJECT—Senior Debt—Indenture—Application of Monies Received from Exercise of Remedies” below. To the extent that, on any applicable Debt Service Payment Date, there are insufficient funds on deposit in the Debt Service Fund to make the required payments of principal and interest on the Bonds, then the Trustee will transfer monies between the Interest Account and the Principal Account with the following order of priority: first, to the Interest Account until such Account is sufficiently funded and second, to the Principal Account.

Rebate Fund. The Indenture will create with the Trustee a special fund to be designated “Denver International Airport Great Hall Project Rebate Fund” (the “Rebate Fund” and together with the Debt Service Fund, collectively, the “Funds” and each a “Fund”). The Rebate Fund will be for the sole benefit of the United States and will not be subject to the claim of any other person, including without limitation, the Beneficial Owners of the Bonds. The Rebate Fund will be established for the purpose of complying with section 148 of the Code and the U.S. Treasury regulations promulgated pursuant thereto. There will be deposited into the Rebate Fund all amounts transferred to such Rebate Fund pursuant to the Federal Tax Certificate and the Collateral Agency Agreement. The Rebate Fund is not included in the Trust Estate and is not subject to any lien under the Indenture.

Investment of Monies. All monies held as part of any Fund or Account (other than the Debt Service Fund) under the Indenture will be deposited or invested and reinvested by the Trustee, at the written direction of the Company, in Permitted Investments; provided, however, that monies in the Debt Service Fund will be invested solely in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States), in each case maturing within one year from the date of acquisition thereof. Finally, monies in any Defeasance Escrow Account may only be invested in Defeasance Securities.

Events of Default under the Indenture. Any of the following will constitute an “Event of Default” under the Indenture with respect to all of the outstanding Bonds:

- (a) failure to pay any portion of the principal of any outstanding Bond when due and payable;
- (b) failure to pay any portion of interest on any outstanding Bond within ten (10) Business Days of when due and payable;
- (c) failure by the Issuer to cure any noncompliance with any other provision of the Indenture within 60 days after receiving written notice (with a copy to the Company) of such noncompliance from the Trustee or the Collateral Agent with respect to the Bonds or such longer period not exceeding 180 days, reasonably necessary to effect such cure;
- (d) a Loan Agreement Event of Default has occurred and is continuing under the Loan Agreement; or

- (e) the occurrence and continuance, with respect to the Issuer, of a Bankruptcy.

Remedies upon Event of Default under the Indenture. Upon the occurrence and during the continuance of an Event of Default under the Indenture, the Trustee, on receiving an enforcement direction from the Beneficial Owners of not less than a majority of the aggregate principal amount of outstanding Bonds (a copy of such notice will be delivered by the Trustee to the Issuer, the Company and the Collateral Agent), will, as directed, be required to: (i) if the Event of Default under the Indenture has occurred and is continuing and is an Event of Default as described in (a) or (b) above, without further demand or notice, transfer monies to the Interest Account or Principal Account, as applicable, in the amounts then due, to the extent provided in the Collateral Agency Agreement and the Intercreditor Agreement and pursuant to the restrictions set forth in “FINANCING FOR THE PROJECT—Senior Debt—Indenture—Funds to Be Established under the Indenture—Debt Service Fund” above; and (ii) for all other Events of Default under the Indenture, subject to the following paragraph, and subject to the Collateral Agency Agreement and the Intercreditor Agreement, take whatever action at law or in equity as may be necessary or desirable to enforce the rights of the Beneficial Owners of the Bonds (including in respect of the Trust Estate) and the Trustee will deposit any monies received as a result of such action in the Interest Account or Principal Account, as applicable.

Upon the occurrence and continuance of an Event of Default under the Indenture, if so instructed by the Beneficial Owners of not less than a majority of the aggregate principal amount of outstanding Bonds (a copy of such notice will be delivered by the Trustee to the Issuer, the Company and the Collateral Agent), the Trustee will declare all outstanding Bonds, all interest accrued and unpaid thereon, and all other amounts payable under the Bonds to be due and payable, whereupon the same will become immediately due and payable without presentment, demand, protest or further notice of any kind, all of which will be waived by the Issuer; provided that the outstanding Bonds may be accelerated only to the extent the underlying Loan under the Loan Agreement has been accelerated.

The Beneficial Owners of a majority in aggregate principal amount of the outstanding Bonds may, by written notice to the Trustee (a copy of such notice will be delivered by the Trustee to the Issuer, the Company and the Collateral Agent), on behalf of all of the Beneficial Owners of the Bonds, rescind any acceleration of the Bonds and its consequences, if the rescission would not conflict with any judgment or decree and if all existing Events of Default under the Indenture (except nonpayment of principal, interest or premium that has become due solely because of the acceleration) have been cured or waived and the Issuer has paid or deposited, or caused to be paid or deposited, with the Trustee a sum sufficient to pay all sums paid or advanced by the Trustee under the Indenture and the reasonable expenses, disbursements and advances of the Trustee, its agents and counsel.

Application of Monies Received from Exercise of Remedies. After an acceleration of the Bonds, monies received by the Trustee from the Collateral Agent pursuant to the Collateral Agency Agreement and the other Security Documents in respect of the Issuer’s obligations under the Indenture will, notwithstanding any provision of the Indenture, the Loan Agreement or the Collateral Agency Agreement to the contrary, be applied first to pay the reasonable and proper fees and expenses (including the reasonable fees and expenses of counsel) of the Trustee incurred in connection with the exercise of remedies following such Event of Default under the Indenture, and next to the payment of fees, costs and expenses of the Issuer and the Issuer Indemnified Persons and any other payments due then in respect to the Reserved Rights (including, without limitation, indemnification payments); provided, that payment of amounts due to the Issuer or the Issuer Indemnified Persons under this paragraph will not absolve the Company from liability therefor except to the extent of the amounts received from the Trustee under this paragraph or amounts otherwise paid by the Company (or caused to be paid by the Company, including by instructing the Collateral Agent to pay) and thereafter remaining amounts will be applied promptly by the Trustee as follows:

first, to pay, *pro rata*, due but unpaid interest on the Bonds then outstanding;

second, to pay, *pro rata*, any unpaid principal amounts due and payable on the Bonds then outstanding; and

third, upon the payment in full of the obligations described in the *first* and *second* clauses above, to pay to the Company, or its successors and assigns, or as a court of competent jurisdiction may direct, any monies then remaining.

Loan Agreement

Generally. The Company and the Issuer will enter into the Loan Agreement, pursuant to which the proceeds of the Bonds will be loaned to the Company on the Closing Date, subject to the terms and conditions of the Loan Agreement and the Indenture. The net proceeds received from the sale of the Bonds will be deposited directly into the relevant sub-accounts of the Construction Proceeds Account as required by the Collateral Agency Agreement and the Indenture and agreed to by the Company. In accordance with the Federal Tax Certificate and applicable law, the Company will use the proceeds of the Loan to finance a portion of certain Project Costs and costs of issuance of the Bonds and to fund the Bonds Interest Reserve Sub-Account, provided that the proceeds of the Loan may only be used for the purposes expressly referred to in the Loan Agreement. In order to secure the repayment of the Bonds, all of the Issuer's right, title and interest in and to the Loan Agreement (except for Reserved Rights) will be assigned to, and are subject to a security interest in favor of, the Trustee pursuant to the Indenture.

Compliance with the Indenture. In accordance with any applicable provisions of the Indenture, at the request of the Company, the Issuer will take any action directed by the Company to the extent required under, or permitted by, the provisions of the Indenture or the Loan Agreement. The Company, in turn, will take all action required to be taken by the Company in the Indenture as if the Company were a party to the Indenture.

Repayment Terms. The Company will agree to repay the Loan under the Loan Agreement, as follows: on or before any scheduled payment date for the Bonds and any other date that any payment of interest, principal (including mandatory sinking fund redemption payments) or Redemption Price on the Bonds is required to be made in respect of the Bonds pursuant to the Indenture, until the payment of interest, principal, or Redemption Price on the Bonds has been fully paid or provision for the payment thereof has been made in accordance with the Indenture, in immediately available funds, a sum which, together with any other monies available for such payment in the Bonds Debt Service Interim Payment Sub-Account and in the Senior Debt Service Payment Sub-Account of the Debt Service Payment Account, will enable the Trustee to pay to the Beneficial Owners of the Bonds the amount due and payable on such date as interest, principal or Redemption Price on the Bonds as provided in the Indenture. The obligations of the Company to make payments as required above and to observe and perform all covenants under the Loan Agreement will be absolute and unconditional. If any Additional Senior Obligations require the payment of principal or interest on any Interim Payment Date after the Project Substantial Completion Date, the Company will transfer or otherwise deposit, or cause to be transferred or otherwise deposited, into the Bonds Debt Service Interim Payment Sub-Account in accordance with the Collateral Agency Agreement an amount equal to the amount of Senior Debt Service in respect of the Senior Obligations under the Loan Agreement due and payable on the next succeeding Calculation Date multiplied by a fraction, the numerator of which is equal to the number of days contained in the Interim Payment Period ending on such Interim Payment Date and the denominator of which is equal to the number of days in the Calculation Period ending on the next succeeding Calculation Date.

Prepayment Terms. The Company will have the option to prepay its obligations under the Loan Agreement at the times and in the amounts as necessary to exercise its option to cause the Series 2017 Bonds to be redeemed in accordance with the terms of the Indenture and the Series 2017 Bonds. The Issuer, at the request of the Company, will take all steps (other than the payment of funds necessary to effect such redemption) necessary under the applicable redemption provisions of the Indenture to effect redemption of all or a part of the outstanding Series 2017 Bonds, as may be specified by the Company and required by the Indenture, on the date established for such redemption. For more information regarding the redemption terms under the Indenture, see "THE BONDS—Redemption."

Company to Provide Funds. In the event that proceeds derived from the Loan, or any other available (or to be available) funds and other funds pursuant to the Development Agreement are not sufficient to finance the Project Costs and pay all costs of issuance relating to the Series 2017 Bonds, the Company will not be entitled to any reimbursement from the Issuer or the Trustee for the payment of such costs nor will the Company be entitled to any abatement, diminution or postponement of its payment obligations under the Loan Agreement.

Special Covenants of the Company. In the Loan Agreement, the Company will undertake to comply with certain covenants, including, but not limited to the following:

Transaction Documents. The Company will perform and observe all of its covenants and its other obligations contained in each Transaction Document to which it is a party except to the extent that such failure to do any of the

foregoing could not reasonably be expected to have a Material Adverse Effect under the Loan Agreement. The Company will not enter into any material contracts or agreements (other than the Transaction Documents or documents incidental or ancillary thereto) that are not related to the Project (or incidental or ancillary thereto).

In addition, the Company will not terminate, or assign, or amend or modify, or waive timely performance by any other party of material covenants under, any Principal Project Contract, provided that (i) any such termination will be permitted if such termination could not result in a Material Adverse Effect under the Loan Agreement and other than with respect to the Development Agreement, a binding replacement contract is entered into within 90 days of the termination of such Principal Project Contract and (ii) any such amendment, modification or waiver will be permitted if such amendment, modification or waiver could not reasonably be expected to result in a Material Adverse Effect under the Loan Agreement and could not reasonably be expected to adversely affect the rights of the Secured Parties to receive termination payments (including the calculation thereof) under the Development Agreement, provided this prohibition does not apply to change directives. If any Principal Project Contract, or any counterparty to any Principal Project Contract, is replaced, to the extent that a direct agreement existed with respect to such Principal Project Contract prior to such replacement, the Company will use its best efforts to cause a new (or amended and restated as the case may be) direct agreement to be entered into by any counterparty to such Principal Project Contract, in form and substance substantially similar to the one being replaced or otherwise that is reasonably acceptable to the Trustee.

The Company will enter into direct agreements for the Development Agreement, the Design and Construction Contract and the Design-Build Guarantee and use commercially reasonable efforts to enter into direct agreements in respect of each other Principal Project Contract.

Limitation on Fundamental Changes; Sale of Assets, Etc. The Company will not (i) enter into any transaction of merger or consolidation, or liquidate, wind up or dissolve itself, or suffer any liquidation or dissolution, or (ii) convey, sell, assign, transfer, lease or otherwise dispose of, in one transaction or a series of related transactions, any property or assets in excess of \$15 million (indexed annually to the CPI) per year in the aggregate except (1) sales or other dispositions in the ordinary course of business or contemplated by or permitted under the Principal Project Contracts; (2) sales or other dispositions of surplus, damaged, obsolete, worn out or defective equipment or other property of the Company; (3) sales or other dispositions of equipment or other property of the Company that are promptly exchanged for or replaced by other equipment or property of at least comparable value and utility and useful life as determined in accordance with good operating practice, except to the extent that the failure to replace such equipment or assets, as applicable, could not have a Material Adverse Effect under the Loan Agreement; (4) sales or other dispositions permitted under a Permitted Lien; and (5) sales, transfers or other dispositions of Permitted Investments.

Permitted Indebtedness. The Company will be able to incur certain indebtedness (“**Permitted Indebtedness**”), including: (i) the Series 2017 Bonds and the Loan under the Loan Agreement; (ii) Additional Senior Obligations and any related Hedging Agreements permitted to be incurred in accordance with the Financing Documents; (iii) reimbursement obligations in respect of letters of credit, and other financial obligations and obligations the proceeds of which, in each case, are used to pay money (or secure such payment) for services rendered, arising under the Principal Project Contracts or any other agreement executed by the Company in connection with the Project that are payable as Project Costs or Operations and Maintenance Expenses or Capital Expenditures (except for obligations incurred pursuant to the Development Agreement, (including any Owner Commercial Revenues and any deduction amounts), or any other Contract Document or the Design and Construction Contract); (iv) purchase money obligations or capitalized leases incurred to finance discrete items of equipment not comprising an integral part of the Project that are payable as Operations and Maintenance Expenses (excluding Owner Commercial Revenues and any deduction amounts) and that do not in the aggregate have annual debt service or lease payment obligations exceeding \$2 million (indexed annually to the CPI); (v) trade accounts payable (other than for borrowed money) so long as such trade accounts payable are not more than 180 days overdue; (vi) amounts payable under the Principal Project Contracts to the extent the same constitute indebtedness; (vii) Permitted Subordinated Debt; (viii) working capital loans the proceeds of which are used to pay Operations and Maintenance Expenses (excluding Owner Commercial Revenues and any deduction amounts); provided that the principal amount of such loans will not exceed \$10 million (indexed annually to the CPI) in the aggregate at any time and will be repaid within three years of the incurrence thereof; (ix) subject to the proviso below, indebtedness incurred by the Company for the purpose of funding any order from the Owner to the Company to comply with safety standards to the extent the Company is obligated to do so under the

Development Agreement; provided that the Company certifies for the benefit of the Trustee, and the Lenders' Technical Advisor confirms, in each case in writing delivered to the Trustee, that such indebtedness is necessary and that the proceeds thereof, together with other funds available to complete such safety order, are expected to be sufficient to complete construction or otherwise related to such safety order in accordance with applicable law, any necessary permit, license, approval, authorization or consent of any governmental entity and requirements of the applicable Principal Project Contracts; and (x) unsecured indebtedness in an aggregate principal amount at any time outstanding not to exceed \$10 million (indexed annually to the CPI).

Additional Senior Obligations. Subject to receipt by the Collateral Agent of the documents listed below, the Company will be able to incur Additional Senior Obligations solely for the following purposes: (1) to complete construction of the Project ("**Project Completion Indebtedness**"), (2) to comply with obligations under the Principal Project Contracts ("**Principal Project Contract Indebtedness**"), (3) to refurbish, upgrade, modify, expand or add to the Project ("**Upgrade Indebtedness**"), (4) to refinance, replace or refund all or part of any then outstanding Secured Obligations ("**Refinancing Indebtedness**"), (5) to satisfy, in whole or in part, the Debt Service Reserve Required Balance or the Major Maintenance Reserve Required Balance, so long as such Additional Senior Obligations are in the form of a Recourse Acceptable Letter of Credit ("**Reserve Requirement Indebtedness**"), and (6) to add to, refinance or replace the existing Senior Obligations ("**Distribution Indebtedness**") for the purpose of making distributions from the Distribution Account in accordance with the Distribution Conditions, or for any combination of such purposes. Additional Senior Obligations will be equally and ratably secured under the Security Documents with all other then outstanding Senior Obligations of Senior Creditors of the Company, without preference, priority or distinction of any such particular Senior Obligation over any other such Senior Obligation. The Company's ability to incur Additional Senior Obligations (and the ability of the Company and any Additional Senior Creditor to execute and deliver an Additional Financing Document) will be subject to the satisfaction of the following conditions:

(i) A certificate of the Company, signed by an authorized officer thereof, dated as of the date of delivery of such proposed Additional Senior Obligation stating that (A) no default in respect of a Loan Agreement Event of Default or Loan Agreement Event of Default under the Loan Agreement has occurred and is continuing or will result from the incurrence of such Additional Senior Obligations, and (B) such Additional Senior Obligations constitute Project Debt;

(ii) a certified copy of the executed counterpart of the Additional Financing Document related to the Additional Senior Obligation under which the Additional Senior Creditor agrees to lend monies (or to provide funds) to the Company (and, if such Additional Senior Creditor is the Issuer, an original executed counterpart of the related trust indenture (or supplemental indenture) under which bonds or other obligations have been issued) has been delivered to the Collateral Agent;

(iii) other than in respect of Additional Parity Bonds, the execution of the Intercreditor Agreement by the Intercreditor Agent, the Collateral Agent, the Trustee on behalf of the Bondholders and the Senior Creditor Representative of the applicable Additional Senior Creditors, see "SECURITY FOR THE BONDS--Terms of the Intercreditor Agreement --*Rights of the Intercreditor Agent under the Collateral Agency Agreement*", or if such Intercreditor Agreement is in effect, a certified copy of the designation letter executed by the Additional Senior Creditor with respect to the Intercreditor Agreement will have been delivered to the Intercreditor Agent and, if necessary, the Intercreditor Agreement will have been executed by all parties thereto;

(iv) if such Additional Senior Obligations are used for Project Completion Indebtedness or Principal Project Contract Indebtedness, the Company certifies to the Trustee, and the Lenders' Technical Advisor confirms, that the additional indebtedness is necessary and that the proceeds, together with other funds available to complete the Project, are expected to be sufficient to complete the construction of the Project; provided that the aggregate amount of Additional Senior Obligations incurred pursuant to this clause (iv) may not exceed 10% of the original aggregate principal amount of the Bonds unless the Company certifies to the Trustee and the Lenders' Technical Advisor confirms, that (A) there will be no fundamental change in the use of the Project, (B) the proceeds of such Additional Senior Obligations, together with other funds available, will be sufficient for the proposed purpose, (C)(I) the additional indebtedness is not expected to have a Material Adverse Effect, and (II) the average Senior Debt Service Coverage Ratio for each Calculation Period during the remaining term of the Loan is projected to be not less than 1.20 (based on a certified revenue forecast prepared by the Company), taking the proposed Additional Senior Obligations into account, and (D) the Additional Senior Obligations have a rating assigned by at least one NRSRO then rating the

Bonds (or, if no such agency is then rating the Bonds, at least one new rating from such a NRSRO) that is no lower than “BBB-” or “Baa3” (or its equivalent), as applicable;

(v) with respect to Upgrade Indebtedness, the Company certifies to the Trustee and the Lenders’ Technical Advisor confirms, that (A) there will be no fundamental change in the use of the Project, (B) the proceeds of such Additional Senior Obligations, together with other funds available, will be sufficient for the proposed purpose, (C) (1) the additional indebtedness is not expected to have a Material Adverse Effect under the Loan Agreement, and (2) the Senior Debt Service Coverage Ratio for each Calculation Period during the remaining term of the Loan is projected to be not less than 1.20 (based on a certified revenue forecast prepared by the Company) taking the proposed Additional Senior Obligations into account, and (D) the Additional Senior Obligations have a rating assigned by at least one NRSRO then rating the Bonds (or, if no such agency is then rating the Bonds, at least one new rating from such a NRSRO) that is no lower than “BBB-” or “Baa3” (or its equivalent), as applicable;

(vi) with respect to Refinancing Indebtedness, (A) either (1) for each Calculation Period ending on a Calculation Date on and after the first Calculation Date after the incurrence of such proposed Additional Senior Obligations and through the period ending on the maturity date of the then outstanding Secured Obligations, the Senior Debt Service Coverage Ratio, calculated and certified by the Company will be projected to be at least 1.20, taking the proposed Additional Senior Obligations into account or (2) Senior Debt Service, after the incurrence of such Additional Senior Obligations, in each year of the remaining term of the Loan is forecast to be not more than the Senior Debt Service forecast for such year in the initial forecast for the Project prepared as of Financial Close, (B) the Additional Senior Obligations have a rating assigned by at least one NRSRO then rating the Bonds (or, if no such agency is then rating the Bonds, at least one new rating from such a NRSRO) that is no lower than “BBB-” or “Baa3” (or its equivalent), as applicable, and (C) if all the then outstanding Secured Obligations are to be refunded, prepaid or defeased prior to maturity, all necessary instructions or arrangements will have been made in order to give effect to such refunding, prepayment or defeasance;

(vii) with respect to Reserve Requirement Indebtedness, at the time the Recourse Acceptable Letter of Credit is first made available, the Senior Debt Service Coverage Ratio for each Calculation Period ending on December 31 of each year during the remaining term of the Loan will not be less than 1.20 (based on a certified revenue forecast prepared by the Company and delivered prior to or concurrently with the incurrence of such indebtedness);

(viii) with respect to Distribution Indebtedness, (A) the Additional Senior Obligations have an investment grade rating assigned by at least one NRSRO, and (B) the Senior Debt Service Coverage Ratio after giving effect to such Additional Senior Obligations, is forecast to be 1.20 or more for each Calculation Period ending on December 31 of the remaining term of the Loan (based on actual revenues for the prior twelve-month period and a certified revenue forecast prepared by the Company); and

(ix) to the extent that any or all of the Senior Obligations incurred pursuant to the Loan Agreement are outstanding at the time the Additional Senior Obligations are proposed to be incurred (after giving effect to the application of proceeds therefrom), the related Additional Financing Documents will not prohibit the Company from incurring new indebtedness to refinance such Senior Obligations (at least to the extent permitted under the Loan Agreement).

Ranking of Indebtedness. The Company will ensure that its payment obligations (rather than any security therefor) under the Loan Agreement and any Additional Senior Obligations, will rank at least on parity with all other unsubordinated indebtedness of the Company, except for Permitted Liens or as otherwise agreed to by the Trustee.

Distributions. The Company will not declare or make, or incur any liability to declare or make, any distribution (whether in cash, property or obligation), or otherwise on account of any membership interest of the Company, or make any purchase, redemption, retirement or acquisition of, any membership interest of the Company, unless all the following distribution conditions in the Collateral Agency Agreement have been satisfied: (1) all transfers and distributions required to be made on or prior to the date of such distribution as described in the Flow of Funds have been satisfied in full; (2) no default or Event of Default has occurred and is continuing; (3) Project Substantial Completion has been achieved, and (4) the Company provides a written certification in substantially the form required by the Collateral Agency Agreement that (a) for the Calculation Period ending on such Calculation

Date, the Senior Debt Service Coverage Ratio as of the last date of such Calculation Period was 1.10:1.00 or greater, and (b) for the Calculation Period ending on the twelve-month anniversary of such Calculation Date, the Projected Senior Debt Service Coverage Ratio is 1.10:1.00 or greater, and (5) the Company delivers to the Collateral Agent and the Trustee a Funds Transfer Certificate which specifically certifies that the aforementioned conditions have been met on such Calculation Date. For the avoidance of doubt, the foregoing restriction will not preclude the Company from making payments of the development fee and other bid costs as described in “PROJECTED SOURCES AND USES OF FUNDS AND PROJECTED FINANCIAL INFORMATION— Projected Sources and Uses of Funds” and “PRINCIPAL PROJECT AGREEMENTS—Certain Other Project Related Agreements—Letter Agreement related to Financial Close Distributions.”

Additional Covenants. The following briefly summarizes additional covenants of the Company (which covenants may be qualified by materiality and other exceptions):

- Maintenance of the Company’s existence, qualification to do business, and all relevant and material rights, franchises, privileges and consents.
- Construction, operation and maintenance of the Project in accordance with the Development Agreement, the Principal Project Contracts, applicable laws, governmental approvals and required insurance policies.
- Maintenance of required insurance.
- Delivery of unaudited quarterly and audited annual financial statements together with certifications from the Company and, as to the audited annual financial statements, from the auditor; delivery of an annual operating budget, and monthly construction progress reports.
- No accounts maintained by the Company other than as permitted and contemplated in the Development Agreement, the Collateral Agency Agreement or the other Financing Documents.
- No hedging arrangements without the reasonable approval of the Trustee, except that the Company may purchase or arrange for certain qualified hedging agreements with respect to any Permitted Indebtedness.
- Compliance with all applicable laws, except for any non-compliance that could not reasonably be expected to have a Material Adverse Effect under the Loan Agreement.
- No expenditure of net proceeds of the Bonds except in respect of the eligible Project Costs as specified in the Federal Tax Certificate (or, to the extent not used therefor, to repay the relevant portion of such indebtedness). The Company will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the Company or any of the facilities financed with the proceeds of the Bonds if such action or omission would cause the interest on the Bonds to lose its excludability from gross income for federal income tax purposes under Section 103 of the Code.
- Execution, delivery and filing, as applicable, of further instruments as required for carrying out the Loan Agreement and the Collateral Agency Agreement and maintaining, assuring, conveying, granting, assigning, securing and confirming the liens (whether now existing or hereafter arising) granted pursuant to the Security Documents.
- Compliance with applicable continuing disclosure requirements and other applicable notice and reporting requirements under the Company Continuing Disclosure Agreement. For the avoidance of doubt, the Issuer has not undertaken and will not undertake any continuing disclosure obligations with respect to the Bonds.
- Procurement and maintenance by the Company of all necessary governmental approvals required to be obtained and/or maintained by the Company.

- Timely payment and discharge of taxes and other assessments and governmental charges or levies imposed upon the Company or the Project prior to the date on which penalties, fines or interest attach thereto, and commercially reasonable efforts to maintain “pass-through” status for federal tax income purposes.
- No engagement by the Company in any business other than the ownership, lease, construction, operation, management and/or financing of the Project and activities incidental or complementary thereto.
- Arm’s-length transactions with any Company affiliates, except that the Design and Construction Contract, the Design-Build Guarantee, the Technical Services Agreement and the Letter Agreement related to Financial Close Distributions will be deemed not to violate this covenant.
- No investments by the Company other than Permitted Investments or the redemption or prepayment of any Permitted Indebtedness.
- No creation, incurrence or assumption (or acquiescence with respect to) of any lien with respect to any property or asset of the Company, including revenues (including accounts receivable) from the Project, or rights in respect of any thereof, now owned or hereafter acquired, other than Permitted Liens.
- The Company will not (A) issue any equity or equity-linked securities, or securities convertible or exchangeable into either of the foregoing, unless the owner of such securities grants to the Collateral Agent for the benefit of the Secured Parties a security interest in such securities pursuant to a pledge agreement in substantially the form of the Pledge Agreement, or (B) make any loan or advance of funds to any person except for (i) Permitted Investments, (ii) down payments and prepayments to suppliers on ordinary commercial terms in the ordinary course of business, (iii) receivables arising in the ordinary course of business, and (iv) loans to HoldCo funded with amounts derived from distributions from the Distribution Account in accordance with the Collateral Agency Agreement.
- The Company will grant reasonable access to the Project to the Trustee and its respective consultants and representatives, at the sole cost of the Trustee and its respective consultants and representatives.
- The Company will not sell or otherwise dispose of all or any part of its interests under the Development Agreement unless such sale or disposition is not expected to result in a Material Adverse Effect under the Loan Agreement or as contemplated by the Security Documents and otherwise in accordance with any applicable provisions of the Loan Agreement and the Development Agreement.
- The Company will not change its name, jurisdiction of formation, principal place of business or fiscal year without prior written notice to the Collateral Agent and the Trustee.
- The Company will at all times use commercially reasonable efforts to enter into, maintain and comply with a reasonable and customary “rating surveillance” agreement with at least one NRSRO with respect to the rating of the Bonds, but will not covenant to maintain the ratings assigned to the Bonds. The Company will not be deemed to be in default (and no default and no Loan Agreement Event of Default will result) if the Company has complied with these requirements, but the applicable rating is not made available by any applicable NRSRO for any reason solely attributable to such NRSRO.
- The Company will not, except as expressly permitted pursuant to the Development Agreement, the Initial Project Financing Agreements or with the prior written consent of the Trustee (i) enter into any partnership, joint venture, profit-sharing or royalty agreement or similar arrangement whereby the Company's income or profits are, or might be, shared with any Person (except as may otherwise be contemplated by the limited liability company agreement of HoldCo), or (ii) form or have any subsidiaries.

Events of Default under the Loan Agreement. The following events will be “Loan Agreement Events of Default” under the Loan Agreement (subject to certain cure periods, materiality and other qualifications, as applicable). See Appendix F—“SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT—Events of Default and Remedies.”

(a) Failure by the Company to pay any amount required to be paid in respect of, as applicable, any (i) principal of, (ii) interest on, (iii) Redemption Price on the Series 2017 Bonds, then due and, in the case of clause (ii) only, within ten (10) Business Days after the applicable due date, or (iv) the Trustee's reasonable costs, fees and expenses, if such failure is not remedied within thirty (30) days after the later of the applicable due date or the date the Company receives notice from the Trustee of such failure to pay.

(b) Failure by the Company to observe and perform any covenant, condition or agreement under the Loan Agreement or the Collateral Agency Agreement, other than as referred to in clause (a) above, for a period of 90 days after the earlier of (i) written notice specifying such failure given to the Trustee by the Company or the Issuer, and (ii) written notice specifying such failure and requesting that it be remedied will have been given to the Company by the Issuer, the Trustee or the Collateral Agent, subject to certain exceptions.

(c) The occurrence of a Bankruptcy with respect to the Company.

(d) Any of the representations, warranties or certifications of the Company made in or delivered pursuant to the Loan Agreement prove to have been false or misleading when made (unless such false or misleading representation, warranty or certification could not reasonably be expected to have a Material Adverse Effect under the Loan Agreement) and, if such misrepresentation is capable of being cured, such misrepresentation has not been cured within 30 days after the Company's receipt of written notice from the Trustee or the Collateral Agent of such failure.

(e) (i) A Company Event of Default has occurred and is continuing beyond any applicable grace or cure period; or (ii) the Company fails to perform or observe any material covenant, agreement or obligation under any Principal Project Contract (unless such failure could not reasonably be expected to have a Material Adverse Effect under the Loan Agreement), and the Company fails to cure such failure within the applicable grace period.

(f) One or more judgments for the payment of money in an aggregate amount in excess of \$10 million (indexed annually to the CPI) is rendered against the Company, and the same remains undischarged for a period of 30 consecutive days.

(g) Failure to make any payment at such time and in such amount as required to be made under the Equity Contribution Agreement, any draw on any Capital Contributions Letter of Credit is not timely honored, and the failure to make payment is not cured within 30 days following such failure.

(h) The Development Agreement expires, is terminated or otherwise for any reason ceases to be in full force and effect.

(i) The Company abandons all or a material part of the Project or its activities to design, develop, cause the construction of, operate or maintain the Project, other than in the case of a Relief Event, including through the failure, without reasonable cause, to conduct its activities in accordance with the Development Agreement in respect of the Project for 90 consecutive days (other than as a result of a Relief Event).

(j) Any Principal Project Contract (other than the Development Agreement) or the Equity Contribution Agreement is or becomes wholly or partly void, voidable, unenforceable or illegal, and such event or circumstance could reasonably be expected to have a Material Adverse Effect under the Loan Agreement, unless such document is replaced within 30 days following the earlier of (i) the Company's actual knowledge of such occurrence and (ii) the delivery of written notice thereof to the Company by the Issuer, the Trustee or the Collateral Agent, or such longer period, not exceeding 180 days, reasonably necessary to effect such replacement, by a contract on substantially similar terms with a counterparty reasonably acceptable to the Trustee.

(k) Any Principal Project Contract is terminated early by any party thereto other than as permitted under the Loan Agreement, and such event could reasonably be expected to have a Material Adverse Effect, unless such document is replaced in accordance with the terms of the Loan Agreement.

(l) Any "Indenture Event of Default" occurs and is continuing.

(m) An “event of default” (or any analogous event) occurs under any Additional Financing Document covering Additional Senior Obligations having outstanding commitments and indebtedness in excess of \$20,000,000.

(n) Any Security Document to which the Company, HoldCo, the Equity Participants or the Collateral Agent is a party ceases, except in accordance with its terms, to be effective to grant a perfected lien on the collateral described therein (other than on an immaterial portion thereof), other than as a result of actions or failure to act by the Collateral Agent or any other Secured Party.

(o) Any required insurance is not, or ceases to be, in full force and effect, and is not replaced on substantially similar terms, or in respect of any insurance required to be effected under the Development Agreement, unless such insurance is (prior to its cessation) replaced in substantially similar terms within 5 Business Days or, in respect of any insurance required to be effected under the Development Agreement, if the risks covered by such insurance are uninsurable or such insurance is not commercially available as determined by the insurance review procedures set forth in the Development Agreement.

(p) The Project Substantial Completion Date for the Project has not occurred by the Project Substantial Completion Long Stop Date (as such date may be extended in accordance with the terms of the Development Agreement).

The provisions above are subject to the following limitation: if by reason of a Force Majeure Event the Company is unable in whole or in part to carry out any of its agreements contained or referenced in the Loan Agreement (other than its payment obligations in respect of the Bonds), no Loan Agreement Event of Default will be deemed to have occurred and be continuing during the continuance of such inability so long as the Company is pursuing relief under the Development Agreement for such event. The Company agrees, however, to use reasonable efforts which are consistent with accepted industry practices to resume performance as soon as practicable under the applicable circumstances.

Remedies on Event of Default under the Loan Agreement. Whenever any Loan Agreement Event of Default as described above has occurred and is continuing, subject to the terms of the Intercreditor Agreement, the Trustee, or the Issuer with the written consent of the Trustee will take one or any combination of the following remedial steps, by notice to the Company, the Collateral Agent and, as applicable, the Issuer (for the avoidance of doubt, the taking of any such remedial steps is subject to any limitations thereon imposed by the Collateral Agency Agreement):

(a) declare that all or any part of any amount outstanding under the Loan Agreement is (i) immediately due and payable, and/or (ii) payable on demand by the Trustee, and any such notice will take effect in accordance with its terms but only if all amounts payable with respect to the outstanding Bonds are being accelerated, or if all of the outstanding Series 2017 Bonds are being defeased or otherwise paid in full; provided, that in the case of a Loan Agreement Event of Default with respect to a Bankruptcy of the Company, all amounts outstanding under the Loan Agreement will become due and payable without any action or notice;

(b) have reasonable access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Company during regular business hours of the Company if reasonably necessary in the opinion of the Trustee;

(c) take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under the Loan Agreement subject to the terms of the Collateral Agency Agreement; or

(d) pursuant to, and subject to the limitations of, the terms of the Collateral Agency Agreement, direct the Collateral Agent to take any and all actions necessary to implement any available remedies with respect to the Collateral under the Collateral Agency Agreement and any other Security Document.

Any amounts collected pursuant to actions taken as described under this Section and the Security Documents that is paid to the Trustee after the Collateral Agent has applied such amounts in accordance with the provisions of

the Collateral Agency Agreement and the Intercreditor Agreement will be deposited into the Debt Service Fund and applied in accordance with the provisions of the Indenture.

Any rights and remedies as are given to the Issuer under the Loan Agreement will also extend to the Beneficial Owners of the Bonds, and the Trustee, as Secured Parties, in each case, subject to the provisions of the Indenture.

Amendments, Changes and Modifications. Subsequent to the issuance of the Series 2017 Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), and except as otherwise expressly provided in the Loan Agreement, the Loan Agreement may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of the Indenture.

For more detailed information relating to the terms of the Loan Agreement in general, including provisions relating to covenants, defaults and terminations, see Appendix F—“SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT.”

Equity Contributions

Pursuant to an Equity Contribution Agreement to be entered into among the Equity Participants, Holdco and the Company, the Equity Participants will agree to fund their *pro rata* share of equity contributions to the Company, as requested from time to time by the Company or the Collateral Agent (in the case of the Collateral Agent, solely following the occurrence and during the continuance of an Event of Default), at any time when the Company has no other sources (third party or otherwise) of funds necessary for the payment of Project Costs (other than the costs described under clause (k)(i) of the definition thereof) or satisfaction of its obligations under the Transaction Documents, up to an aggregate total combined amount equal to \$73,251,737. See the table appearing in “PROJECT PARTICIPANTS—The Equity Participants.” The Aggregate Capital Commitment of each Equity Participant will be the sum of its Base Capital Commitment and its Contingent Capital Commitment. The Aggregate Capital Commitment (i) with respect to Ferrovial Airports Great Hall Partners LLC is \$58,601,389 and (ii) with respect to S/JLC, LLC is \$14,650,347 and the breakdown between the Base Capital Commitment and the Contingent Capital Commitment is shown in the table below. These obligations will be supported by irrevocable letters of credit delivered to the Collateral Agent.

Equity Participant	Base Capital Commitment	Contingent Capital Commitment	Total Aggregate Capital Commitment
Ferrovial Airports Great Hall Partners LLC	\$55,556,042	\$3,045,348	\$58,601,389
S/JLC, LLC	\$13,889,010	\$761,337	\$14,650,347
Total	\$69,445,052	\$3,806,685	\$73,251,737

The obligations of the Equity Participants to make equity contributions pursuant to the Equity Contribution Agreement are several and not joint and several obligations. If a failure to contribute equity occurs or any draw on any letter of credit supporting the obligation to contribute equity is not timely honored and is not cured within 30-day cure period, such failure will constitute a Loan Agreement Event of Default and will entitle the Trustee to (subject to appropriate bondholders instructions) accelerate the obligations under the Loan Agreement and, subject to the terms of the Collateral Agency Agreement and the Intercreditor Agreement (if any), direct the Collateral Agent to take action necessary to implement any available remedies with respect to the Collateral under the Collateral Agency Agreement and any other Security Document.

Capital Contributions. From time to time, upon delivery of a contribution notice by the Company or the Collateral Agent (in the case of the Collateral Agent, solely following the occurrence and during the continuance of an Event of Default), in the event that the Company has no other sources (third party or otherwise) of funds necessary for the payment of Project Costs (other than the costs described under clause (k)(i) of the definition thereof) or the

satisfaction of its obligations under the Transaction Documents, (i) Ferrovial Airports Great Hall Partners LLC will make a Base Capital Contribution to the Company, and (ii) S/JLC, LLC will make a Base Capital Contribution to the Company, in each case, in the amount set forth in the applicable contribution notice, which will be an amount at least equal to the applicable unfunded Project Costs or other amounts due under the Transaction Documents as set forth in such notice (and, for the avoidance of doubt, upon the Substantial Completion Date, any unfunded portion of the Debt Service Reserve Required Balance and the Major Maintenance Reserve Required Balance shall be considered an unfunded Project Cost for the purpose of this paragraph), but in no event in amount greater than the Remaining Base Commitment Amount of the relevant Equity Participant. Each such Base Capital Contribution will be made on a pro rata basis in an amount equal to the percentage interest of the applicable Equity Participant multiplied by the amount set forth in the relevant contribution notice. The Company will use its best efforts to deliver a Company contribution notice to the Equity Participants no later than seven Business Days prior to any date on which a funding insufficiency of the type described in this paragraph is reasonably expected to occur; provided that no failure or delay in respect of delivery of such notice will affect any obligation (or the timing thereof) of the Equity Participants or HoldCo.

Acceleration. Upon the occurrence and during the continuance of an Acceleration Event, the full unused amount of each Equity Participant's Base Capital Commitment will be automatically due and payable and each Equity Participant is required to make payment immediately of its respective Remaining Base Commitment Amount to the Collateral Agent for application in accordance with the Collateral Agency Agreement. The commitments of the Equity Participants to make any Contingent Capital Contributions under the Equity Contribution Agreement will be automatically, without notice or other action, extinguished upon the occurrence of an Acceleration Event (except for any Contingent Capital Contributions amounts falling due and payable prior to the occurrence of the Acceleration Event).

Contingent Capital Contributions. From time to time, in the event that (i) Project Costs (other than any fee of the Equity Participants or their affiliates) or other amounts due under the Transaction Documents are due and payable by the Company (and, for the avoidance of doubt, upon the Substantial Completion Date, any unfunded portion of the Debt Service Reserve Required Balance and the Major Maintenance Reserve Required Balance shall be considered due and payable for the purpose of this paragraph), (ii) the Company has no other sources of funds (including Base Capital Commitment, available funds in the Construction Proceeds Account (and sub-accounts thereof) or the Operating Account or otherwise) necessary for the payment of such Project Costs or the satisfaction of such obligations under the Transaction Documents; and (iii) the cumulative amount of Company Concessions Revenue received by the Company as of the most recently ended quarterly period is less than the cumulative amount projected by the Company as of the Financial Close Date, each Equity Participant will make a Contingent Capital Contribution to the Company, in each case, in an amount equal to such Equity Participant's respective percentage interest of any insufficiency, but in no event in an amount greater than its Remaining Contingent Commitment Amount. The Company will deliver a Company's contribution notice to the Equity Participants no later than seven Business Days prior to the date on which a payment obligation under this paragraph is reasonably expected to arise; provided that no failure or delay in respect of delivery of such notice shall affect any obligation (or the timing thereof) of any party under the Equity Contribution Agreement.

Capital Contributions Support. Each of the Equity Participants will provide to the Collateral Agent and maintain in full force and effect until their respective funding obligation shall have been satisfied, in each case in proportion to their percentage ownership interest in HoldCo from time to time, any one, or any combination of, (x) one or more Capital Contributions Letter of Credit, and/or (y) to the extent permitted (or not prohibited) under the Financing Documents, a Cash Collateral Security Account, and, in the case of clause (x), that (i) will be issued by, and represent a direct payment obligation to the Collateral Agent of a Qualified Issuer (ii) shall by its express terms be governed by the laws of the State of New York, (iii) shall have reimbursement obligations that are non-recourse to the Company, and (iv) will provide for the irrevocable (without the written consent of the Collateral Agent) and unconditional obligation of the Qualified Issuer thereof to pay the amounts contemplated thereby and, in the case of clauses (x) and (y), that will permit multiple drawings thereunder or therefrom, as applicable, in an aggregate amount not to exceed the amount contemplated thereby or deposited therein, in each case, in an amount (when aggregating all such Capital Contributions Security Instruments, if more than one are so furnished), as of any relevant date of determination, at least equal to the Remaining Base Commitment Amount plus the Remaining Contingent Commitment Amount of such Equity Participant. The Company will not at any time be obligated to provide or maintain any Capital Contributions Security Instrument.

In the event that any Equity Participant has failed to fund any requisite amount required to be funded by it under the Equity Contribution Agreement (including as a result of a bankruptcy in respect of such Equity Participant) or if the Collateral Agent receives a written notice from any Equity Participant stating (i) that it does not have sufficient funds to make, or otherwise intends for any reason not to make, all or a portion of any such payment, and (ii) stating the amount of the payment that will not be made when due, the Collateral Agent will make a drawing under the appropriate Capital Contributions Security Instrument(s) held by it in an amount equal to the amount not funded by such Equity Participant (or the amount specified in clause (ii) above) which, in the case of any draw in connection with an Acceleration Event, must be in the full amount of the stated amount of such Capital Contributions Security Instrument(s) (without giving effect to any obligation in respect of any Contingent Capital Commitments), but in any event (x) not earlier than two Business Days following the date that such payment is required under the Equity Contribution Agreement, or (y) in the case of the occurrence of an Acceleration Event, not earlier than the date that such payment is required to be made under the Equity Contribution Agreement. Any draw on a Capital Contributions Letter of Credit will reduce the Remaining Base Commitment Amount or the Remaining Contingent Commitment Amount (as applicable) of such Equity Participant. If the failure to fund or notice of insufficiency of funds contemplated above relates only to Base Capital Contributions required to be made, then the amount to be drawn under the Capital Contributions Security Instrument(s) of such Equity Participant shall in no event exceed the lower of the required amount or its Remaining Base Commitment Amount. If the failure to fund or notice of insufficiency of funds contemplated above relates only to Contingent Capital Contributions required to be made, then the amount to be drawn under the Capital Contributions Security Instrument(s) of such Equity Participant shall in no event exceed the lower of the required amount or its Remaining Contingent Commitment Amount.

Upon the earliest of (i) the date on which the Collateral Agency Agreement has been terminated in accordance with the terms thereof, (ii) the Project Substantial Completion Date (or such later date on which any Equity Participant funding obligations required to be performed by any Equity Participant under the Equity Contribution Agreement), and (iii) the date on which Capital Contributions in an aggregate amount equal to the Aggregate Capital Commitment of each Equity Participant have been made in accordance with the Equity Contribution Agreement and receipt of a certificate of an authorized officer of the Company evidencing the same, the Collateral Agent will promptly, and in no event later than one Business Day thereafter, deliver a notice to the issuing financial institution of such Capital Contributions Security Instrument requesting the immediate termination thereof.

It is anticipated that a Capital Contributions Letter of Credit will be provided for Ferrovial Airports Great Hall Partners LLC and for S/JLC, LLC, in each case, in the amounts of such entities' respective Aggregate Capital Commitment, in each case by an institution that has a rating no lower than 'A-' or the equivalent rating from any NRSRO of its unsecured, uncredit enhanced, senior long term indebtedness.

Default Interest. In the event that any Capital Contribution required to be made under the Equity Contribution Agreement is not made when due, the amount of such Capital Contribution will bear interest at 2% per annum until such time as such Capital Contribution is made.

Nature of Obligations. The obligation of each Equity Participant to make Capital Contributions under the Equity Contribution Agreement is irrevocable, absolute and unconditional to the fullest extent permitted by applicable governmental rule, irrespective of any other circumstance whatsoever that may otherwise constitute a legal or equitable discharge or defense of a surety or guarantor (other than as contemplated by the Equity Contribution Agreement).

Net Payments and Gross Up. All Capital Contributions required to be made under the Equity Contribution Agreement will be made free and clear of, and without deduction for, any and all taxes (and such payments will not be considered Capital Contributions for any purposes thereunder). If any Equity Participant or affiliate thereof or any other person is required to withhold, deduct or pay any taxes on Capital Contributions, that party will make such deductions and payments to the relevant authority and increase the sum payable so that the Company receives an amount equal to the sum the Company would have received had no deductions been made.

Fee Letter and Indemnity Agreement

The Company will enter into a Fee Letter and Indemnity Agreement with the Issuer for the payment of an issuance fee and an annual fee. Further, the Company will be obligated to defend and indemnify the Issuer and each

Issuer Indemnified Person in respect of certain fees, losses, claims, damages, liabilities, costs and charges and related expenses, incurred or asserted against the Issuer or an Issuer Indemnified Person relating to its participation in the issuance of the Bonds. Neither the Issuer nor any Issuer Indemnified Party will have any liability to the Company, or any of its affiliates or creditors arising out of, related to or in connection with any aspect of the transactions contemplated by the Financing Documents, except to the extent of direct damages determined in a final, non-appealable judgment by a court of competent jurisdiction as a result of willful misconduct.

SECURITY FOR THE BONDS

Collateral Generally

The payment of the obligations in respect of the Bonds and any Additional Senior Obligations will be secured by all personal property which is subject to the lien granted under the Security Documents, including (1) all tangible and intangible personal and real property interests of the Company, all material contracts and all other rights of the Company in or related to the Project (to the extent permitted and except as otherwise expressly provided), including, but not limited to, the following (i) all of the Project Revenues; (ii) the Company's interest under the Development Agreement in the Project and under any future vendor contracts and concession agreements entered into in connection with the Project; (iii) the Company's interest under the Design and Construction Contract and any Design-Build Guaranty related thereto; (iv) the Company's right, title and interest in all Project Accounts (other than the Distribution Account) and any other bank accounts of the Company that may be established as permitted by the Financing Documents; (v) all assignable permits and other governmental approvals related to the Project; (vi) proceeds of insurance policies or condemnation proceedings to the extent not used to repair or rebuild the Project and permitted under the Development Agreement; (vii) proceeds of any litigation or other proceedings; and (viii) the proceeds of the foregoing; provided that (A) the proceeds of the Bonds, the amount on deposit in the Bonds Sub-Account, the Bonds Interest Reserve Sub-Account, the Costs of Issuance Sub-Account, the Bonds Debt Service Interim Payment Sub-Account and the 2017 Bonds Debt Service Reserve Sub-Account shall be for the sole benefit of the Beneficial Owners of the Bonds, and (B) the amounts on deposit in any sub-accounts of the Construction Proceeds Account opened for Additional Senior Obligations (including any reserve accounts or interim payment accounts) and any sub-accounts of the Debt Service Reserve Account opened for Additional Senior Obligations, shall be for the sole benefit of the applicable Additional Senior Obligations in accordance with the relevant terms of the applicable Additional Financing Documents; and (2) any and all Equity Interests.

Security Agreement

The Company and the Collateral Agent will enter into the Security Agreement, pursuant to which the Company will grant a lien on all of its personal property (the “**Security Agreement**”).

Security Interest

In order to secure the prompt, irrevocable and indefeasible payment in full when due of the Secured Obligations (whether now existing or hereafter arising and howsoever evidenced, and whether at stated maturity, upon acceleration, on any optional or mandatory prepayment date, redemption date or otherwise), the Company will collaterally assign, pledge and grant to the Collateral Agent, for the benefit of the Secured Parties, a security interest in and lien on all of its right, title and interest in property, whether now owned or in the future acquired by it and whether now existing or in the future coming into existence and wherever located, including the rights and assets referred to in paragraph (1) of the definition of Collateral in the above paragraph.

Notwithstanding anything to the contrary in the Security Agreement, (x) the Company will remain liable for all obligations under and in respect of the Collateral and nothing contained in the Security Agreement is intended to or will be a delegation of duties to the Collateral Agent or the Secured Parties and (y) it is understood and agreed that the rights and interests of the Collateral Agent in and to the Development Agreement are subject to the rights and interests reserved thereunder to the Owner.

Remedies

If an Event of Default occurs and is continuing, to the extent permitted by the Development Agreement, the DA Direct Agreement, the Financing Documents and applicable law, the Collateral Agent may exercise remedies authorized by law as further provided in the Security Agreement including:

(i) the Collateral Agent has the right to cure any such Event of Default, may enter onto the property where any Collateral is located and take possession thereof with or without judicial process, and may foreclose on the Collateral;

(ii) prior to the disposition of the Collateral, the Collateral Agent has the right to store, process, repair or recondition the Collateral or otherwise prepare the Collateral for disposition in any manner the Collateral Agent deems appropriate;

(iii) the Collateral Agent has the right to require the Company to assemble the Collateral owned by it at such place or places, reasonably convenient to both the Collateral Agent and the Company, designated in the Collateral Agent's request;

(iv) the Collateral Agent has the right to make any reasonable compromise or settlement with respect to any of the Collateral and has the right to extend the time of payment, arrange for payment in installments, or otherwise modify the terms of all or any part of the Collateral;

(v) the Collateral Agent has the right to, in its name or in the name of the Company or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for all or any part of the Collateral, but will be under no obligation to do so;

(vi) the Collateral Agent has the right to reasonable access to and use of the Company's books and records relating to the Collateral to the extent necessary in connection with any Enforcement Action and subject to any applicable confidentiality restrictions;

(vii) the Collateral Agent has the right to, upon at least ten (10) Business Days' prior written notice to the Company of the time and place, with respect to the Collateral or any part thereof that will then be or will thereafter come into the possession, custody or control of the Collateral Agent or the Secured Parties or any of their respective agents, sell, lease, assign or otherwise dispose of all or any part of such Collateral, at such place or places as the Collateral Agent deems best, and for cash or for credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to affect any such disposition or of the time or place thereof (except such notice as is required above or by applicable statute and cannot be waived);

(viii) the Collateral Agent will have, and in its discretion has the right to exercise, all of the rights, remedies, powers and privileges with respect to the Collateral of a secured party under the UCC;

(x) to the full extent provided by law, the Collateral Agent has the right to have a court having jurisdiction appoint a receiver, which receiver will take charge and possession of and protect, preserve, replace and repair the Collateral or any part thereof, and manage and operate the same, and receive and collect all rents, income, receipts, royalties, revenues, issues and profits therefrom; and

(xi) the Collateral Agent may enforce one or more remedies under the Security Agreement, successively or concurrently, and such action will not operate to estop or prevent the Collateral Agent from pursuing any other or further remedy which it may have under the Security Agreement or by applicable law, and any repossession or retaking of the Collateral pursuant to the terms of the Security Agreement will not operate to release the Company until full and final payment of any deficiency in respect of the Secured Obligations has been made in cash.

Membership Interest Pledge Agreement

HoldCo and the Collateral Agent, on behalf of the Secured Parties, will enter into the Membership Interest Pledge Agreement, to be dated as of the Closing Date (the “**Pledge Agreement**”).

Grant

Pursuant to the Pledge Agreement and subject to certain limited exceptions, HoldCo will collaterally assign, pledge and grant to the Collateral Agent, for the benefit of the Secured Parties, a security interest in and lien on all of its right, title and interest in and to the following property, whether now owned or in the future acquired by it and whether now existing or in the future coming into existence and wherever located (collectively, the “**Pledged Collateral**”):

- (a) (i) HoldCo’s limited liability company membership interests in the Company, and all dividends, distributions, cash, instruments and other property, income, profits and proceeds from time to time received or receivable or otherwise made upon or distributed in respect of or in exchange for any or all of its limited liability company interests in the Company, (ii) all additional or substitute limited liability company membership interests from time to time issued by the Company to or otherwise acquired by HoldCo in any manner in respect of pledged membership interests or otherwise, and all dividends, distributions, cash, instruments and other property, income, profits and proceeds from time to time received or receivable or otherwise made upon or distributed in respect of such additional or substitute membership interests and (iii) all right, title, interest, privileges, authority and power of HoldCo in the Company and, in each case, all proceeds thereof;
- (b) any indebtedness owed to HoldCo by the Company from time to time, including any instruments (as such term is defined in the UCC) or payment intangibles (as such term is defined in the UCC) evidencing or relating to such indebtedness;
- (c) all certificates or other documents representing any and all of the foregoing;
- (d) any other claim which HoldCo now has or may in the future acquire in its capacity as member of the Company against the Company and its property; and
- (e) all proceeds (as such term is defined in the UCC) of all or any Pledged Collateral described in clauses (a) through (d) above,

provided, however, that any and all amounts distributed or paid to HoldCo from the Distribution Account following satisfaction of the Distribution Conditions in accordance with the Collateral Agency Agreement will be free of the lien created by the Pledge Agreement.

Additional Pledged Collateral

Pursuant to the Membership Interest Pledge Agreement, upon obtaining any additional Pledged Collateral, HoldCo is also obligated to hold such additional Pledged Collateral in trust for the Collateral Agent, segregate such additional Pledged Collateral from other property or funds of HoldCo and, within ten (10) Business Days, deliver the certificates or instruments evidencing such additional Pledged Collateral to the Collateral Agent.

Remedies

Upon the occurrence and during the continuation of an Event of Default, the Collateral Agent may exercise, in addition to all other rights and remedies granted to it in the Pledge Agreement and in any other instrument or agreement securing, evidencing, or relating to the Secured Obligations, all rights and remedies with respect to the Pledged Collateral of a secured party under the UCC (whether or not the UCC is in effect in the jurisdiction where such rights, remedies, powers and privileges are asserted) and such additional rights, remedies, powers and privileges to which a secured party is entitled under the laws in effect in any jurisdiction where any rights, remedies, powers and privileges in respect of the Pledge Agreement or the Pledged Collateral may be asserted, including the right, to the

maximum extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Pledged Collateral as if the Collateral Agent were the sole and absolute owner of the Pledged Collateral (and HoldCo agrees to take all such action as may be reasonably appropriate to give effect to such right).

Without limiting the generality of the foregoing, the Collateral Agent, without demand of performance or other demand, presentment, protest, advertisement, or notice of any kind (except any notice required by law referred to below) to or upon HoldCo or any other person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances, upon at least ten (10) Business Days' prior written notice to HoldCo of the time and place, with respect to all or any part of the Pledged Collateral which will then be or will thereafter come into the possession, custody or control of the Collateral Agent or any of its agents, sell, lease, assign, give option or options to purchase, or otherwise dispose of all or any part of such Pledged Collateral (or contract to do any of the foregoing), at such place or places as the Collateral Agent deems best, for cash, for credit or for future delivery (without thereby assuming any credit risk) and at public or private sale, without demand of performance or notice of intention to effect any such disposition or of time or place of any such sale (except such notice as is required above or by applicable statute and cannot be waived), and the Collateral Agent or any other person may be the purchaser, lessee or recipient of any or all of the Pledged Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) and thereafter hold the same absolutely free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise) of HoldCo, any such demand, notice and right or equity being hereby expressly waived and released. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned.

The Collateral Agent may, as a matter of right and without notice to HoldCo or any person claiming by, through or under HoldCo, cause the appointment of a receiver for all or any part of the Pledged Collateral.

Direct Agreements

The following direct agreements (the "Direct Agreements") will be entered into on the Closing Date and are summarized in further detail below in this section:

(i) The Owner will enter into the DA Direct Agreement with the Collateral Agent (on behalf of the Secured Parties) and the Company, which will set forth certain assurances from the Owner of the Secured Parties' rights with respect to the Development Agreement in the event that an Event of Default under the Financing Documents or a Company Event of Default under the Development Agreement has occurred and is continuing, including step-in and cure rights, forbearance obligations of the Owner with respect to its exercise of remedies under certain Principal Project Contracts, rights of substitution and other rights of the Secured Parties.

(ii) The Design and Construction Contractor and the Company will enter into a direct agreement with the Collateral Agent (on behalf of the of the Secured Parties) providing for its consent to the pledge and assignment of, and the granting of a lien on, all of the Company's right, title and interest in the Design and Construction Contract, and certain assurances of the Secured Parties' rights with respect to the Design and Construction Contract.

(iii) Ferrovial US Construction Corp., as guarantor in respect of the Design and Construction Contract, will enter into a direct agreement with the Collateral Agent (on behalf of the Secured Parties) and the Company providing for its consent to the pledge and assignment of, and the granting of a lien on, all of the Company's right title and interest in the Design and Construction Contract guaranty and certain assurances of the Secured Parties' rights with respect to the Design and Construction Contract guaranty.

DA Direct Agreement

On or prior to the Closing Date, the Owner, the Company and the Collateral Agent will enter into the DA Direct Agreement, to provide certain assurances to the lenders regarding the lenders' rights in the event of a default by the Company under the Development Agreement or the Initial Project Financing Agreements.

The occurrence of a Company Event of Default or Event of Default sets in motion a process of escalating rights that may be exercised by the Owner and/or the Collateral Agent. The Collateral Agent may cure any default of the Company at any time. For a certain period after the expiration of any relevant cure period under the Development Agreement, the Collateral Agent may nominate itself, the Lender or any of their respective affiliates or, with the consent of the Owner, any other person as a “Step-in Party” to, among other things, perform the obligations and enjoy the rights and powers of the Company under the Development Agreement and the DA Direct Agreement for a period of time. The Collateral Agent may also designate an entity to substitute the Company subject to the Owner's approval. If approved, the substituting entity will become a party to the Development Agreement and the DA Direct Agreement in place of the Company. These processes are set out in greater detail below.

Right to Cure and Step In Arrangement.

The Owner cannot, prior to the expiration of any applicable cure period, (a) terminate or give notice terminating the Development Agreement or exercise certain rights under the Development Agreement, (b) suspend its performance (including in connection with any insolvency or bankruptcy proceeding in relation to the Company) under the Development Agreement or (c) take or support any insolvency procedure in relation to the Company, or any action for the appointment of a receiver, trustee, custodian, sequestrator, conservator, liquidator, administrator or similar official for the Company or for any part of the Company's property; provided that the Owner may take actions in respect of any prior Company Default or other breach by the Company of the Development Agreement which has occurred and has not been remedied or waived within the relevant cure period.

Upon the issuance of a notice by the Owner regarding the occurrence of any event giving rise to a Company Event of Default under the Development Agreement, the Owner's right to terminate or give notice terminating the Development Agreement, or exercise any step-in rights or suspension rights, or the occurrence of any event giving rise to the Owner's right to suspend its performance (including in connection with any insolvency or bankruptcy proceeding in relation to the Company) under the Development Agreement (an “**Owner Notice**”) or a notice by the Collateral Agent regarding the occurrence of any Event of Default (a “**Lender Notice**”), the Collateral Agent may give a written notice (a “**Step-in Notice**”) to the Owner under the DA Direct Agreement at any time during the period starting on the date of receipt of the Owner Notice and ending on the earlier of the date of the receipt of the Step-in Notice and the Owner's approval of the Step-in Party (as defined below), if applicable, (the “**Step-in Date**”) or 90 days after the expiration of any cure period provided to the Company under the Development Agreement (as such period may be extended for the period of prohibitions to cure a non-monetary default or substitute the Company) (the “**Cure Period**”), in case of an Owner Notice, or at any time following receipt of a Lender Notice if the Event of Default is continuing. The Collateral Agent shall nominate in the Step-in Notice the “Step-in Party” subject to approval by the Owner if such party is a person other than the Collateral Agent, a Lender or any of their respective affiliates.

On and from the date of the receipt of the Step-in Notice and the approval of the Owner to the appointment of the Step-in Party if required and during the period from the Step-in Date until the earliest of: (a) the effective date the Company is substituted by a substituted entity; (b) the Step-out Date (as defined below); (c) the date of termination of the Development Agreement by the Owner; (d) the date of the expiration or early termination of the Term under the Development Agreement; and (e) six months after the step-in date (as such period may be extended for the period of prohibitions to cure a non-monetary default or substitute the Company) (the “**Step-in Period**”), the Step-in Party shall be (i) entitled to exercise and enjoy the rights and powers expressed to be assumed by or granted to the Company under the Development Agreement and the DA Direct Agreement; (ii) entitled to exercise and enjoy the rights and powers expressed to be assumed by or granted to a Step-in Party under the DA Direct Agreement; and (iii) liable for the performance of all of the Company's obligations under the Development Agreement and the DA Direct Agreement arising on or after the Step-in Date.

A Step-in Party may, at any time, by giving not less than 30 days' prior written notice (“**Step-out Notice**”) to the Owner terminate its obligations to the Owner under the DA Direct Agreement, in which event such Step-in Party shall be released from all obligations, except for any obligation or liability of the Step-in Party arising during the Step-in Period. The obligations of the Owner to the Step-in Party shall also terminate on the date upon which the notice period set forth in the Step-out Notice expires (the “**Step-Out Date**”). However, the DA Direct Agreement shall continue to remain effective according to its terms after the Step-Out Date if the Step-in Party is the Collateral Agent or a Lender.

The Collateral Agent may give a notice (a "**Substitution Notice**") to the Owner at any time during a Cure Period, Step-in Period or after delivery of a Lender Notice of the occurrence of any Event of Default and prior to delivery by the Collateral Agent to the Owner of a further notice of the full cure of such Event of Default, designating a proposed substituted entity (the "**Substituted Entity**"). The Owner will approve or disapprove the Substituted Entity after evaluating the financial resources, qualifications, experience and potential conflicts of interest of the proposed Substituted Entity and its contractors using the same standards and criteria that it is then currently applying, or if there is no current application, then the same standards and criteria it most recently applied, to the evaluation of Persons responding to the Owner's requests for qualifications for concession or similar agreements for comparable projects and facilities. If the Owner approves the Substituted Entity, the Substituted Entity become a party to the Development Agreement and the DA Direct Agreement in place of the Company who shall be immediately released from such agreements.

During any Cure Period, without giving a Step-in Notice, the Collateral Agent shall have the right (but shall have no obligation), at its sole option and discretion, to perform or arrange for the performance of any act, duty, or obligation required of the Company under the Development Agreement, or to cure any default of the Company thereunder, which performance by the Collateral Agent shall be accepted by the Owner in lieu of performance by the Company and in satisfaction of the Company's obligations under the Development Agreement. Any payment to be made or action to be taken by the Collateral Agent as a prerequisite to keeping the Development Agreement in effect shall be deemed properly to have been made or taken by the Collateral Agent if such payment is made or action is taken by a substituted entity proposed by the Collateral Agent and reasonably approved by the Owner.

Right to Obtain a New Agreement.

If the Development Agreement is rejected by a trustee or debtor-in-possession in, or terminated as a result of, any bankruptcy or insolvency proceeding involving the Company, or a Company Event of Default for voluntary or involuntary bankruptcy event, or failure to comply with a written suspension of work occurs with respect to any guarantor of material Company obligations owed to the Owner or any Equity Member with a material financial obligation owing to the Company for Committed Equity Investments, and such persons' obligations relating to the Company or the Project are rejected by a trustee or debtor-in-possession in, or terminated as a result of any bankruptcy or insolvency proceeding involving such person and, within 90 days after such rejection or termination, the Collateral Agent will so request and shall certify in writing to the Owner that it intends to perform the obligations of the Company as and to the extent required under the Development Agreement, the Owner will execute and deliver to the Collateral Agent (or any substituted entity satisfying the requirements of the DA Direct Agreement if directed to do so by the Collateral Agent) a new project agreement which will contain conditions, agreements, terms, provisions and limitations which are the same as those of the Development Agreement, except for obligations that have been fulfilled by the Company or any party acting on its behalf of or stepping-in for the Company or the Owner prior to such rejection or termination. For a description of risks associated with bankruptcy see "RISK FACTORS—Risks Relating to the Bonds—*The rights and remedies available to Bondholders, the Issuer and the Company may be limited by bankruptcy and other limitations on the enforceability of such rights and remedies.*"

Conditions and Limitations Respecting Lenders' Rights

The DA Direct Agreement contains a number of terms and conditions that the Project Debt, Funding Agreements and Security Documents must satisfy. No Funding Agreement or related Security Document will be valid or effective, and no Lender will be entitled to the rights, benefits and protections of the DA Direct Agreement, unless the Funding Agreement and related Security Document complies with such terms and conditions.

Contractor Direct Agreement

On or prior to the Closing Date, the Contractor will enter into the Design and Construction Contractor Direct Agreement, as acknowledged by the Company and the Collateral Agent, to provide certain assurances to the Lenders regarding the Lenders' rights in the event of a Company Event of Default under the Development Agreement or an Event of Default under the Initial Project Financing Agreements.

Consent to Assignment

Under the Design and Construction Contractor Direct Agreement, the Contractor has consented to the pledge and assignment to the Collateral Agent for the benefit of the Secured Parties of, and the grant to the Collateral Agent for the benefit of the Secured Parties of a lien on and security interest in, all of the Company's rights, title and interests in, to and under the Design and Construction Contract.

Right to Cure and Substitution

The Contractor shall give written notice to the Collateral Agent of the occurrence of any default of the Company under the Design and Construction Contract and shall afford the Collateral Agent a period of time equivalent to the period of time afforded to the Company under the Design and Construction Contract to cure the default (or such longer period not to exceed 120 days (or longer period as agreed by the parties) as required to cure such default if the same cannot be cured by the payment of money, or with respect to a non-monetary default that requires the Collateral Agent to take possession of the Project site and which taking of possession shall have been commenced, a reasonable time not to exceed 180 days (or longer period as agreed by the parties) to cure such default), as such period may be extended by reason of any prohibition to cure a default by any process, stay or injunction issued by any governmental authority or pursuant to any bankruptcy or insolvency proceeding or other similar proceeding.

In the event that the Collateral Agent or its assignee or designee succeeds to all of the Company's interest under the Design and Construction Contract, whether by foreclosure or otherwise, the Contractor is obligated to recognize the substitute entity and continue to perform its obligations under the Design and Construction Contract; provided however, that the substitute entity must first cure any undisputed payment defaults by the Company under the Design and Construction Contract and assume and continue to perform any and all obligations of the Company thereunder; provided, further that the substitute entity has the financial capability to perform the Company's obligations under the Design and Construction Contract and that it has been approved as a substituted entity by the Owner pursuant to the DA Direct Agreement.

Replacement Contract

In the event of (a) any actual or deemed rejection or termination of the Design and Construction Contract in a bankruptcy, insolvency or similar proceeding involving the Company or (b) the assignment by way of security of the Design and Construction Contract under the Design and Construction Contractor Direct Agreement is ineffective or reasonably challenged, the Contractor is required to, upon the request of the Collateral Agent, enter into a new agreement on identical terms as the original Design and Construction Contract with the Collateral Agent or its assignee or designee (subject to any conforming changes necessitated by the substitution of parties and other changes as the parties may mutually agree); provided that the Contractor's obligation to enter into the replacement Design and Construction Contract will be conditioned on any undisputed amounts due from the Company under the original Design and Construction Contract previously being paid to the Contractor and provided, further that the substitute entity has the financial capability to perform the Company's obligations under the new Design and Construction Contract and that it has been approved as a substituted entity by the Owner pursuant to the DA Direct Agreement. For a description of risks associated with bankruptcy see "RISK FACTORS—Risks Relating to the Bonds—*The rights and remedies available to Bondholders, the Issuer and the Company may be limited by bankruptcy and other limitations on the enforceability of such rights and remedies.*"

Guarantor Direct Agreement

On or prior to the Closing Date, Ferrovial US Construction Corp. (the "**D&C Guarantor**") will enter into the Design and Construction Contract Guarantor Direct Agreement, as acknowledged by the Company and the Collateral Agent, to provide certain assurances to the Lenders regarding the Lenders' rights in the event of a Company Event of Default under the Development Agreement or an Event of Default under the Initial Project Financing Agreements.

Consent to Assignment

Under the Design and Construction Contract Guarantor Direct Agreement, the D&C Guarantor has consented to the pledge and assignment to the Collateral Agent for the benefit of the Secured Parties of, and the grant to the Collateral Agent for the benefit of the Secured Parties of a lien on and security interest in, all of the Company's rights, title and interests in, to and under the guaranty provided by the D&C Guarantor under the Design and Construction Contract.

New Guaranty

In the event (i) any actual or deemed rejection of the guaranty provided by the D&C Guarantor under the Design and Construction Contract in connection with any bankruptcy, insolvency or debtor-in-possession proceeding involving the Company, (ii) that such guaranty is terminated as a result of any bankruptcy or insolvency proceeding involving the Company or (iii) that the assignment by way of security of such guaranty under the Design and Construction Contract Guarantor Direct Agreement is ineffective or reasonably challenged then, in each case and subject to receiving confirmation that the Collateral Agent or its assignee or designee has agreed to perform the obligations of the Company under the Design and Construction Contract, the D&C Guarantor will execute and deliver to the Collateral Agent or such assignee or designee a new affiliate company guaranty.

Collateral Agency Agreement

The Collateral Agency Agreement, to be dated as of the Closing Date, will be entered into by and among the Company, the Trustee (on behalf of the Beneficial Owners of the Bonds) and the Collateral Agent (as the Collateral Agent and the Securities Intermediary).

Pursuant to the terms of the Collateral Agency Agreement, Deutsche Bank Trust Company Americas will be appointed as collateral agent with respect to the liens in and to the Collateral and the rights and remedies set forth under the Security Documents.

Pursuant to the Collateral Agency Agreement, the Project Accounts will be established in the name of the Company. The Company will pledge and grant to the Collateral Agent, for the benefit of the Secured Parties, a security interest in and lien on such Project Accounts and the funds and investments on deposit therein; provided that deposits in the Debt Service Reserve Account and the Senior Debt Service Payment Sub-Account will be applied solely for the benefit of the Senior Creditors. The proceeds of the Bonds and the Project Revenues from the operation of the Project, will be deposited into certain Project Accounts, and the Company may authorize the Collateral Agent to credit funds to or deposit funds in, and to withdraw and transfer funds from, each Project Account, including the withdrawal of proceeds of the Bonds to pay for or reimburse Project Costs, subject to the satisfaction by the Company of certain requirements for withdrawals and transfers set forth in the Collateral Agency Agreement. See "PROJECT ACCOUNTS AND FLOW OF FUNDS—Project Accounts" for a further description of the Project Accounts. The Flow of Funds is set forth in the Collateral Agency Agreement and is summarized in "PROJECT ACCOUNTS AND FLOW OF FUNDS—Flow of Funds."

Upon the occurrence and during the continuance of any Event of Default under any Financing Document, the Collateral Agent will, subject to the terms of the Collateral Agency Agreement and the Intercreditor Agreement, be entitled to take any Enforcement Action with respect to such Event of Default as directed by the Trustee or the Intercreditor Agent, acting in accordance with the terms of the Indenture or the Intercreditor Agreement, as applicable.

Intercreditor Agreement

If the Company incurs any Additional Senior Obligations other than Additional Parity Bonds, the Intercreditor Agreement will be entered into by and among the Intercreditor Agent (on behalf of the Senior Creditors), the Trustee (on behalf of the Owners of the Bonds), the Additional Senior Creditor(s) holding such Additional Senior Obligations (or the Senior Creditor Representative on their behalf), the Collateral Agent and thereafter each other Senior Creditor (or Senior Creditor Representative) that is or becomes a party to the Intercreditor Agreement from time to time.

The Intercreditor Agreement in general sets forth the parties' rights and obligations with respect to (i) the appointment of the Intercreditor Agent, (ii) the exercise and enforcement of remedies against the Collateral, (iii) ranking of claims in right of payment and lien on the Collateral, (iv) certain modifications to the Financing Documents, including certain fundamental modifications thereto, and (v) the rights of the parties thereto upon a bankruptcy of the Company.

The Intercreditor Agreement will remain in full force and effect until all of the Secured Obligations are fully, finally and indefeasibly paid in cash and all financing arrangements and commitments between the Company and the Senior Creditors have been terminated. The Intercreditor Agreement will continue to be in effect or be reinstated, as the case may be, if at any time any payment of any of the Secured Obligations is rescinded or must otherwise be returned by the Senior Creditors upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payments was not made.

Saving of Rights

Nothing in the Intercreditor Agreement limits or otherwise modifies any of the rights of (i) any Senior Creditor to accelerate or declare due and payable any Senior Obligations when permitted to do so under the applicable Financing Documents following the occurrence of an Event of Default or (ii) any Senior Creditor to enforce any obligation owed to such Senior Creditor by the Collateral Agent, the Intercreditor Agent or any other Secured Party arising under the Intercreditor Agreement or any other Financing Document.

Exercise and Enforcement of Remedies

Exercise of Remedies Following an Event of Default

If, pursuant to an Intercreditor Vote following a remedies initiation notice (or notice provided by a Senior Creditor in respect of the occurrence of an event of default under its senior facility), the Required Creditors elect to exercise any Enforcement Action, then the Intercreditor Agent must issue a Direction Notice containing instructions from the Intercreditor Agent to the Collateral Agent to exercise the Enforcement Actions beginning on the remedies commencement date, as directed by the Required Creditors in accordance with the Intercreditor Agreement, provided that the Event of Default which is the subject of such remedies initiation notice has not been previously cured or waived in accordance with the relevant Financing Document.

The Collateral Agent may not commence or otherwise take any action or proceeding to realize upon any or all of the Collateral (other than the Segregated Collateral), unless and until the Intercreditor Agent, on behalf of and at the direction of the Required Creditors in accordance with the Intercreditor Agreement, has directed the Collateral Agent in writing to realize upon any or all of the Collateral in the manner specified in such written direction and otherwise in accordance with the terms of the Collateral Agency Agreement and the other Financing Documents.

No Senior Creditor will be entitled to take any Enforcement Action in connection with such Event of Default, nor may any Senior Creditor instruct the Intercreditor Agent or direct the Collateral Agent to take any Enforcement Action in connection with such Event of Default, except pursuant to a remedies initiation notice or as expressly permitted under the Intercreditor Agreement.

Following the exercise of any Enforcement Action by the Collateral Agent, the proceeds of any collection, recovery, receipt, appropriation, realization or sale of any or all of the Collateral or the enforcement of any Security Document must be applied in accordance with the Collateral Agency Agreement.

Enforcement in Bankruptcy Proceedings

In any Bankruptcy Proceeding with respect to the Company, the following will apply:

Subject to the next three paragraphs, each Senior Creditor, as to any Secured Obligations held by such Senior Creditor, will have all rights of a creditor of the Company including, without limitation, the right to file proofs or claims of debt with respect to such Secured Obligations (provided that if any Senior Creditor does not file any such

proof or claim of debt within 30 days prior to the last date for the filing thereof, then the Intercreditor Agent (acting at the direction of the Required Creditors in accordance with the Intercreditor Agreement) may instruct the Collateral Agent to file any appropriate proof or claim on behalf of such Senior Creditor), to appear and be heard as a creditor in such proceeding, to serve as a member of a committee of creditors, to file a plan of reorganization, to take any action necessary to perfect its lien (or preserve the perfection of its lien) on the Collateral, to vote its claims in respect of any proposed plan of reorganization, and, subject to other restrictions in the Intercreditor Agreement, to receive and retain any payment or distribution of assets or securities of the Company of any kind or character, whether in cash, securities or other property, made in or as a result of such proceeding pursuant to any plan of reorganization or otherwise.

Subject to the next two paragraphs, the Senior Creditors, other than any Hedging Banks, if any, (or, in each case, the Senior Creditor Representative acting on their behalf), will use reasonable good faith efforts to develop a plan for the course and conduct of any actions in any such proceeding (including any proposed foreclosure or disposition of all or a substantial part of the Collateral).

In any Bankruptcy Proceeding, each Senior Creditor will agree to authorize or take such Enforcement Actions as will be directed in writing by the Required Creditors, and no Secured Party may take any enforcement or other action (or give or join in any directions to the Collateral Agent) which is inconsistent with a written direction by the Required Creditors.

If the Intercreditor Agent (acting at the direction of the Required Creditors in accordance with the Intercreditor Agreement) requests that any Senior Creditor join in a remedies instruction in seeking a lifting of the automatic stay and in commencing and pursuing a foreclosure action with respect to the Collateral, such Senior Creditor will join in such action and will not take any action that would hinder such action.

Notwithstanding anything in the Intercreditor Agreement to the contrary, each of the Senior Creditors will have the right to appear and be heard in the capacity of a general unsecured creditor, including the right to file any pleadings, claims, motions and objections as such creditor may deem appropriate in its best interest in such capacity.

Payment of Debt Obligations

None of the Secured Parties will be entitled to receive any payment or distribution of any kind or character, whether in cash or other property (including any payment or distribution of assets or securities of the Company made to creditors of the Company in any Bankruptcy Proceeding with respect to the Company), in respect of all or any part of the Secured Obligations other than in accordance with the applicable provisions of the Collateral Agency Agreement.

Ranking of Claims

The rights and interests of the Senior Creditors in the Shared Collateral shall rank pari passu under the Intercreditor Agreement.

Prohibition on Contesting Security Interests

Each Senior Creditor Representative acting on behalf of the Senior Creditors, for itself and on behalf of each Senior Creditor, agrees that it will not (and waives any right to) contest or support any other person in contesting, in any proceeding (including any Bankruptcy Proceeding), the perfection, priority, validity or enforceability of a security interest held by or on behalf of any of the Senior Creditors in the Collateral or the provisions of the Intercreditor Agreement; provided that nothing in the Intercreditor Agreement should be construed to prevent or impair the rights of any Senior Creditor Representative acting on behalf of the Senior Creditors to enforce the Intercreditor Agreement.

Amendment of Secured Obligations

Subject to the exceptions set forth below, any Senior Creditor may, at any time and from time to time, without the consent of any other Secured Parties, enter into such amendments with the Company, or grant such waivers or

consents to the Company, as such Senior Creditor deems proper in connection with any applicable Financing Document pursuant to the terms thereof.

No Senior Creditor (or any Senior Creditor Representative on behalf of such Senior Creditor) may, however, without the prior written consent of the Intercreditor Agent (acting at the direction of the required Senior Creditors in accordance with the Intercreditor Agreement), enter into any amendments with the Company, or grant any waivers or consents to the Company, in connection with any applicable Financing Document that would increase the lending commitments, increase the rate of interest or yield of such Secured Obligations, provide for dates of payments of principal or interest which are either earlier or later than such dates provided for under such Financing Documents or make various other material amendments unless such amendment to the Secured Obligations would satisfy the requirements for permitted Additional Senior Obligations under the terms of the Loan Agreement and the Indenture.

Intercreditor Votes; Each Party's Entitlement to Vote

Subject to the next paragraph, each Senior Creditor will be entitled to vote in each Intercreditor Vote conducted under the Intercreditor Agreement.

Notwithstanding anything to the contrary set forth in the Intercreditor Agreement or in any other Financing Document, none of:

- (i) the Company, any Equity Participant or any of their respective affiliates that from time to time holds any Secured Obligation,
- (ii) any Secured Party that has agreed to vote in respect of the Secured Obligations held by it at the direction or subject to the approval or disapproval of the Company, any Equity Participants or any of their respective affiliates,
- (iii) any Hedging Bank, or
- (iv) the holders of any Secured Obligations that have been fully paid, discharged and defeased pursuant to the terms of the applicable Financing Documents,

will be entitled to participate in any Intercreditor Vote (each of the parties referred to in clauses (i), (ii) and (iii) above, a “**Non-Voting Secured Creditor**”), and the Intercreditor Agent, in determining the percentage of votes cast (and instructions of the Required Creditors), will disregard the principal amount of Secured Obligations held by Non-Voting Secured Creditors in both the numerator and denominator of the calculation in determining the outcome of such vote.

The purpose of each Intercreditor Vote will be to determine the decision of the Senior Creditors constituting the Required Creditors with respect to the instruction or other decision that is the subject of such Intercreditor Vote, as notified pursuant to the Intercreditor Agreement. Each Senior Creditor Representative will, within the decision period specified pursuant to the Intercreditor Agreement, provide a written certificate to the Intercreditor Agent setting forth its vote with respect to the subject matter of the Intercreditor Vote, which votes will be cast by each Senior Creditor Representative as a single vote on behalf of the Senior Creditors represented by such Senior Creditor Representative. The vote of the Required Creditors, either for or against the subject decision, will determine the outcome of each Intercreditor Vote. The Intercreditor Agent must promptly notify each Senior Creditor Representative of the outcome of each Intercreditor Vote.

Additional Senior Creditor

Each party to the Intercreditor Agreement agrees that (a) it will not transfer or assign its rights or obligations thereunder to any person unless such person agrees to become a party to the Intercreditor Agreement (either directly or through its Senior Creditor Representative) and (b) any person that replaces any of the Senior Creditors and any Additional Senior Creditor is required to become a party to the Intercreditor Agreement (either directly or through its Senior Creditor Representative). Upon execution and delivery by such person (or its Senior Creditor Representative)

to the Intercreditor Agent (and the Intercreditor Agent will promptly provide copies thereof to each other Senior Creditor Representative) of a counterpart to the Intercreditor Agreement and a designation letter pursuant to which it is designated as an Additional Senior Creditor under the Intercreditor Agreement, such Person will become a party to the Intercreditor Agreement and will be bound by and subject to the terms and conditions thereof and the covenants, stipulations and agreements contained therein, and will be entitled to all rights, interests, and responsible for obligations, thereunder of the party from which it accepted such assignment.

Assignments by any Senior Creditor Representative

Each Senior Creditor Representative has agreed that it will not sell, assign or transfer its rights, duties and immunities to another person except: (a) to a replacement or a successor to the Senior Creditor Representative appointed in accordance with the relevant Financing Document; and (b) if the replacement or successor Senior Creditor Representative agrees in writing to be bound by the terms and conditions of the Intercreditor Agreement; and (iii) the replacement or successor Senior Creditor Representative has delivered such written agreement to the Collateral Agent.

Segregated Collateral

Any modification to any Financing Document, any instruction to the Intercreditor Agent or the Collateral Agent and any discretion exercised by the Intercreditor Agent or the Collateral Agent, in each case, solely in respect of the Segregated Collateral, will require only the consent of the Senior Creditors benefitting from such Segregated Collateral in accordance with the terms of the applicable Financing Document.

Rights of the Intercreditor Agent under the Collateral Agency Agreement

With effect from the execution of the Intercreditor Agreement: (i) any references in the Collateral Agency Agreement to the Trustee providing consent, direction or request to the Company or the Collateral Agent or signing any amendment or waiver under the Collateral Agency Agreement, are deemed references to the Intercreditor Agent providing such consent, direction or request or signing such amendment or waiver and (ii) the Collateral Agent and Company will provide a copy to the Intercreditor Agent of any notices that the Collateral Agent or the Company is required to deliver to the Trustee under the terms of the Collateral Agency Agreement.

General Junior Lien Bond Ordinance and Supplemental Junior Lien Bond Ordinance

General Junior Lien Bond Ordinance

The General Subordinate Bond Ordinance defines Junior Lien Obligations as “bonds, notes, certificates, commercial paper, or other securities, contracts or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of Subordinate Bonds and Subordinate Obligations.” On September 18, 2017 the Council of the City and County of Denver enacted the Ordinance No. 2017-0972 “Airport System General Junior Lien Bond Ordinance” (the “General Junior Lien Bond Ordinance”), which establishes general provisions relating to the issuance or incurrence of Junior Lien Obligations. See Appendix J—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE, GENERAL SUBORDINATE BOND ORDINANCE AND GENERAL JUNIOR LIEN BOND ORDINANCE.” The General Junior Lien Bond Ordinance established two types of Junior Lien Obligations, “Junior Lien Obligations” and “Junior Lien Bonds”.

The City is entitled to issue supplemental ordinances amending or supplementing the General Junior Lien Bond Ordinance, including ordinances authorizing the issuance of Junior Lien Bonds or incurrence of Junior Lien Obligations under the General Junior Lien Bond Ordinance. The General Junior Lien Bond Ordinance permits the City to issue Additional Junior Lien Bonds to pay the cost of a Junior Lien Improvement Project. See Appendix J—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE, GENERAL SUBORDINATE BOND ORDINANCE AND GENERAL JUNIOR LIEN BOND ORDINANCE.”

Supplemental Junior Lien Bond Ordinance

Under the Development Agreement, the Owner is required to make monthly Supplemental Payments to the Company. The Owner adopted Supplemental Ordinance No. 2017-0973 on September 18, 2017 (the “**Supplemental Junior Lien Bond Ordinance**”) to secure the Supplemental Payments as a Junior Lien Contract Obligation. Pursuant to the Supplemental Junior Lien Bond Ordinance, the City created and established a special and separate account of the Airport System Fund designated as the “City and County of Denver, Great Hall Junior Lien Obligation Account.” The City is required on a monthly basis, taking into account any amounts already in deposit therein, to credit to the Great Hall Junior Lien Obligation Account the amount of the monthly Supplemental Payment, as set forth in the invoice received by the Owner from the Company under the Development Agreement. Undisputed monthly Supplemental Payments must be paid to the Company from the Great Hall Junior Lien Obligation Account. To the extent there are any moneys on deposit in the Great Hall Junior Lien Obligation Account after making each such monthly Supplemental Payment, such moneys may be used as provided by the General Junior Lien Bond Ordinance. Subject only to the right of the City to pay the operation and maintenance expenses of the Airport System and to the obligations of the City in respect of any senior bonds and senior obligations as provided in the Bond Ordinance and in respect of subordinate bonds and subordinate obligations as provided by the General Subordinate Bond Ordinance, the Gross Revenues and all moneys and securities paid or to be paid to, or held or to be held, in the Great Hall Junior Lien Obligation Account are irrevocably pledged to secure the payment of the Great Hall Junior Lien Obligation (which translates to the payment of Supplemental Payments).

In addition to any event of default provided for in the General Junior Lien Bond Ordinance, the Supplemental Junior Lien Bond Ordinance further provides that an event of default will occur thereunder if the City fails to perform any of the representations, covenants, conditions, agreements and other provisions contained in the General Junior Lien Bond Ordinance with respect to any Junior Lien Obligation or under the Supplemental Junior Lien Bond Ordinance and such failure continues for sixty days after written notice specifying such failure and requiring that it be remedied is provided to the City by the Company. Such action will not be an event of default if the Manager of the Department of Aviation determines that corrective action has been instituted within such sixty day period and is diligently being pursued. Upon the occurrence of any such event of default under the Supplemental Junior Lien Bond Ordinance, the Company will have any and all rights and privileges of the owners of junior lien bonds as set forth in the General Junior Lien Bond Ordinance. Any Supplemental Payments that have been earned by the Company but that have not yet been paid by the Owner will be considered an outstanding amount for purposes of such event of default. See Appendix J—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE, GENERAL SUBORDINATE BOND ORDINANCE AND GENERAL JUNIOR LIEN BOND ORDINANCE.”

PROJECT ACCOUNTS AND FLOW OF FUNDS

Project Accounts

The following Securities Accounts will be established and created under the Collateral Agency Agreement in the name of the Company:

- (i) the Proceeds Account;
- (ii) the Loss Proceeds Account;
- (iii) the Construction Proceeds Account, including:
 - A. Costs of Issuance Sub-Account;
 - B. Bonds Sub-Account; and
 - C. Bonds Interest Reserve Sub-Account;
- (iv) the Debt Service Payment Account, including:
 - A. Senior Debt Service Payment Sub-Account; and
 - B. Bonds Debt Service Interim Payment Sub-Account;
- (v) the Debt Service Reserve Account;
 - A. 2017 Bonds Debt Service Reserve Sub-Account;
- (vi) the Major Maintenance Reserve Account; and
- (vii) the Distribution Account.

In addition to these Securities Accounts, the Company will also establish an operating account with a financial institution (the “**Operating Account**”), and such account will be maintained in the name of the Company. Both the Securities Accounts and the Operating Account will constitute Project Accounts. All of the Project Accounts (other than the Operating Account) will be under the control of the Collateral Agent and, except as expressly provided in the Collateral Agency Agreement, the Company will not have any right to withdraw funds from any Project Account.

Description of Project Accounts

The following is a description of each of the Project Accounts:

Proceeds Account. Except for amounts to be deposited in other Project Accounts, all Project Revenues, together with amounts received pursuant to paragraph (d) of Appendix D—“SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—The Project Accounts—*Debt Service Reserve Account*” and paragraph (d) of Appendix D—“SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—The Project Accounts—*Major Maintenance Reserve Account*” will be deposited into the Proceeds Account. The Company will promptly deposit or cause to be deposited into the Proceeds Account all other amounts received by the Company from any other source whatsoever, including any Compensation Amount as provided below, the application of which is not otherwise specified in the Collateral Agency Agreement. Pending such deposit, the Company will hold all such amounts coming into its possession in trust for the benefit of the Secured Parties.

Subject to other paragraphs of this section and “—*Debt Service Reserve Account*,” “—*Major Maintenance Reserve Account*” and “—*Withdrawal and Application of Funds; priority of Transfers from Project Accounts*” below, the Collateral Agent will make withdrawals, transfers and payments from the Proceeds Account in the amounts, at the times and for the purposes specified in the Collateral Agency Agreement, in each case, to the extent of available cash at such time. Such withdrawals, transfers and payments will be made in the order of priority set forth in “PROJECT ACCOUNTS AND FLOW OF FUNDS—Flow of Funds” below; provided that, unless otherwise expressly provided therein, no extraordinary mandatory prepayment, extraordinary mandatory redemption or payment of accelerated amounts will be made from the Flow of Funds.

If the Company receives a payment of a Compensation Amount in respect of the actual and estimated loss of the Company’s future revenues such amount will be deposited into a sub-account of the Proceeds Account. In the event that such amount is deposited into such sub-account, as of the commencement of each month for which such compensation was paid, at the Company’s written request, one-twelfth of the portion thereof constituting a Compensation Amount for the loss of revenues for such year, together with interest or other earnings accrued thereon from the date of deposit, will be transferred from such sub-account to the Proceeds Account and applied in the order of priority set forth in “PROJECT ACCOUNTS AND FLOW OF FUNDS—Flow of Funds” below.

To the extent that on any date of determination amounts on deposit in any applicable sub-account of the Debt Service Reserve Account (including any Recourse Acceptable Letters of Credit) are (subject to the provisions set forth in “PROJECT ACCOUNTS AND FLOW OF FUNDS—Debt Service Reserve Account” below) in excess of the Debt Service Reserve Required Balance or amounts on deposit in the Major Maintenance Reserve Account are in excess of the Major Maintenance Reserve Required Balance, as applicable, such excess amounts will be transferred to the Proceeds Account.

For the avoidance of doubt, after application of funds in the Proceeds Account on any Monthly Funding Date or Interim Payment Date, as applicable, pursuant to the Collateral Agency Agreement, to the extent any funds remain in the Proceeds Account, such funds shall remain in the Proceeds Account for application in accordance with the Collateral Agency Agreement.

Loss Proceeds Account. All Net Loss Proceeds (for the avoidance of doubt, any Loss Proceeds not constituting Net Loss Proceeds will be deposited in the Project Revenue Sub-Account) are to be paid directly into the Loss Proceeds Account. Except as described under “—*Collateral and Remedies—Application of Proceeds*” below, amounts on deposit in the Loss Proceeds Account will be withdrawn and paid in the following order of priority: first, until all required amounts have been utilized as contemplated in this paragraph, to the Company to pay the costs of any restoration of the Project or any portion thereof, in accordance with the Development Agreement and, to the extent applicable, the Financing Documents; second; until all required amounts have been utilized as contemplated in this clause, to the extent applicable, to the Trustee for the account of the Senior Creditors in fulfillment of any Company extraordinary mandatory prepayment obligations under the applicable Financing Documents; and third, in the case of any remaining monies, to the Proceeds Account.

Construction Proceeds Account. The Collateral Agent must deposit into the Construction Proceeds Account, including any sub-account thereof, (i) all net proceeds of the Series 2017 Bonds (in respect of the Loan), and (ii) all net proceeds of Additional Senior Obligations issued to finance Project Costs prior to the Project Substantial Completion Date.

A Costs of Issuance Sub-Account, a Bonds Sub-Account and Bonds Interest Reserve Sub-Account will be established and created within the Construction Proceeds Account in the name of the Company. The net proceeds of the Series 2017 Bonds will be deposited on the date of issuance of the Bonds into the Costs of Issuance Sub Account, the Bonds Interest Reserve Sub-Account and the Bonds Sub Account as provided by the Indenture. Funds on deposit in the Costs of Issuance Sub-Account will be used to pay the costs of issuance of the Series 2017 Bonds as permitted by the Code. Funds on deposit in the Bonds Sub Account will be used to pay, or reimburse for a prior payment of, Project Costs as permitted by the Code. The Bonds Interest Reserve Sub-Account will be funded using Series 2017 Bond proceeds in an amount equal to \$37,287,819.45 as of the Closing Date representing interest during construction to the Scheduled Project Substantial Completion Date.

Funds on deposit in the Bonds Interest Reserve Sub-Account may only be used to pay interest in respect of the Bonds at any time and from time to time for a period up to that permitted under applicable law of the State, the Code and U.S. Treasury regulations. The Company will not be required to replenish any amounts withdrawn from the Bonds Interest Reserve Sub-Account. Any unused balance in the Bonds Interest Reserve Sub-Account on the Project Substantial Completion Date will be transferred to the Proceeds Account to the extent permitted by applicable law of the State, the Code and U.S. Treasury regulations.

The Company will request disbursements of monies on deposit in the Bonds Sub-Account (or any other sub-account of the Construction Proceeds Account containing proceeds of Additional Senior Obligations), by delivering to the Collateral Agent (with a copy to the Trustee), not later than the fifth Business Day prior to the proposed date of disbursement or such shorter period as agreed with the Collateral Agent in respect of the funding on the Closing Date, a requisition signed by an authorized officer of the Company, together, solely in respect of construction costs related to the Project to be financed with the proceeds of the Bonds Sub-Account (or any other sub-account of the Construction Proceeds Account containing proceeds of Additional Senior Obligations) as part of any such request, with a certificate of the Lenders' Technical Advisor. However, any disbursement requested to be made on the Closing Date will be made pursuant to one or more requisitions delivered on the Closing Date.

The proceeds of any contribution made in accordance with the Equity Contribution Agreement and the proceeds of any drawing upon a Capital Contributions Letter of Credit in accordance with the Equity Contribution Agreement (including as a result of any draws on any Capital Contributions Security Instrument but excluding as a result of any draws on any Contingent Capital Contributions) will be deposited by the Company (or on its behalf) directly into the Operating Account, the 2017 Bonds Debt Service Reserve Sub-Account or the Major Maintenance Reserve Account, as specified in the relevant contribution notice. Proceeds of any Contingent Capital Contributions (including as a result of any draws on any Capital Contributions Security Instrument relating to any draws on any Contingent Capital Contributions) will be deposited into the Operating Account as per the terms of the Equity Contribution Agreement. The Company will deposit or cause to be deposited into the Operating Account all Progress Payments. Any amounts contemplated by this paragraph may be used as payment for or reimbursement of certain Project Costs paid by or on behalf of the Company.

Monthly Funding of the Operating Account. On any date as specified in a requisition delivered in accordance with the terms of the Collateral Agency Agreement, there will be deposited into the Operating Account (except for payments made directly from the Costs of Issuance Sub-Account as permitted by the Collateral Agency Agreement), an amount equal to Project Costs (excluding any Project Costs to be paid (as contemplated by the Company in its requisition) with any funds already on deposit in the Operating Account or contemplated to be funded prior to the next succeeding Monthly Funding Date with other amounts) then due and payable and reasonably projected to become due and payable prior to the next succeeding Monthly Funding Date (as set forth in a requisition provided to the Collateral Agent by the Company in accordance with the terms of the Collateral Agency Agreement), from, at the Company's election, monies on deposit in any of the Bonds Sub-Account (other than in respect of costs of issuance), the Costs of Issuance Sub-Account or any other sub-account of the Construction Proceeds Account containing proceeds of Additional Senior Obligations.

To ensure compliance with section 142(a) of the Code, upon written direction to the Collateral Agent (with notice to the Trustee), the Company will use any proceeds of the Bonds remaining on deposit in the Bonds Sub-Account and the Costs of Issuance Sub-Account (to the extent not otherwise required to be rebated to the United States in accordance with section 148(f) of the Code and the Indenture), on the fifth anniversary of the issue date of the Bonds, to redeem Bonds at a redemption price of par plus accrued and unpaid interest thereon as of such date; provided, however, that no such redemption will be required upon the Company obtaining an opinion of Bond Counsel to the effect that failure to perform such redemption will not adversely affect the exclusion of interest on the Bonds or any Additional Senior Obligations from gross income for United States federal income tax purposes.

Except as otherwise required by any applicable law and the immediately preceding paragraphs, to the extent that on the Project Substantial Completion Date, there are any funds remaining on deposit in the Construction Proceeds Account or any sub-account thereof, such amounts will be deposited into the Proceeds Account.

Debt Service Payment Account. The Debt Service Payment Account and each sub-account thereof will be funded from the Proceeds Account, the Debt Service Reserve Account, the Distribution Account and, in the case of a

deficiency, from certain other Project Accounts, each in accordance with the Collateral Agency Agreement and as described herein. The following separate sub-accounts will be established and created within the Debt Service Payment Account in the name of the Company: (i) the Senior Debt Service Payment Sub-Account; and (ii) the Bonds Debt Service Interim Payment Sub-Account.

The Collateral Agent will withdraw funds from the Senior Debt Service Payment Sub-Account on each date on which any amounts constituting Senior Debt Service are due and payable (or are to be prepaid) in accordance with any Funds Transfer Certificate (to the extent that sufficient funds are then available) and transfer those funds to the persons or accounts, in the amounts and at the times specified in such Funds Transfer Certificate in the following order of priority:

First, on each Monthly Funding Date (or any other date on which the following amounts are due and payable), to the Senior Creditors in an amount equal to the interest portion due and payable on Senior Debt Service and Hedging Obligations as of such date;

Second, on each Monthly Funding Date (or any other date on which the following amounts are due and payable), to the Senior Creditors in an amount equal to the principal portion due and payable on Senior Debt Service and Hedging Termination Obligations of such date; and

Third, on each date on which the following amounts shall be then due and payable, to the Senior Creditors in the amount of any voluntary prepayments and optional redemptions of Senior Obligations.

Except as described in the following paragraph, monies on deposit in the Bonds Debt Service Interim Payment Sub-Account will be used by the Collateral Agent (without the requirement of a Funds Transfer Certificate) as follows:

- (i) in the event that (after giving effect to the transfers contemplated by clauses Fifth and Sixth of the Flow of Funds as of such date), there will be a Bonds Debt Service Payment Shortfall on any date on which any amounts constituting principal of (including any principal portion due in connection with a mandatory sinking fund redemption) and interest on the Series 2017 Bonds is due and payable, funds in an amount equal to the lesser of such (A) Bonds Debt Service Payment Shortfall, and (B) the amount then on deposit in the Bonds Debt Service Interim Payment Sub-Account will be transferred from the Bonds Debt Service Interim Payment Sub-Account to the Senior Debt Service Payment Sub-Account for application in accordance with, and in the priority set forth in, "*Debt Service Reserve Account*" above, provided that such amounts will only be payable to the Beneficial Owners of the Series 2017 Bonds; and
- (ii) following the taking of an Enforcement Action, monies on deposit in the Bonds Debt Service Interim Payment Sub-Account will be applied in the manner set forth in Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—Collateral and Remedies—*Application of Proceeds*."

The lien on the Bonds Debt Service Interim Payment Sub-Account will secure only the Loan under the Loan Agreement and the related interest of the Trustee and the Beneficial Owners of the Series 2017 Bonds (such exclusive lien to continue upon the occurrence of a Bankruptcy in respect of the Company) with respect to amounts on deposit in such Bonds Debt Service Interim Payment Sub-Account from time to time, and such amounts will be solely for the benefit of the Trustee on behalf of the relevant Beneficial Owners of the Series 2017 Bonds until such funds have been disbursed in accordance with this clause.

The Company is entitled to open new sub-accounts of the Debt Service Payment Account by providing the Collateral Agent with instructions in respect of the same for the purpose of creating one or more interim payment sub-accounts in respect of any Additional Senior Obligations. Amounts will be deposited into such sub-accounts at the direction of the Company in accordance with the Flow of Funds and "*Distribution Account*" and any amounts on

deposit in such accounts shall only be payable to the holders of the applicable Additional Senior Obligations and, following the taking of an Enforcement Action, monies on deposit in such sub-account(s) shall be applied in the manner set forth in Appendix D—“SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—Collateral and Remedies—*Application of Proceeds*.” Any lien on any such sub-account(s) will secure only the applicable Additional Senior Obligations for which the relevant sub-account was opened and such amounts will be solely for the benefit of the holders of the Additional Senior Obligations until such funds have been disbursed in accordance with this paragraph.

If, on any Monthly Funding Date (or any other date on which any amounts constituting Senior Debt Service are due and payable), the amount available in the Proceeds Account is insufficient to make the deposits to the Senior Debt Service Payment Sub-Account specified in clauses Fifth and Sixth of the Flow of Funds, or if on any date, the amount available in the Senior Debt Service Payment Sub-Account, after all relevant transfers, is insufficient to pay the amounts specified in the preceding paragraph which are then due and payable, the Collateral Agent, without further direction from the Company, will withdraw the amount of such deficiency from the following Project Accounts (to the extent that sufficient funds are then available) in the following order of priority and deposit such amount into the Senior Debt Service Payment Sub-Account for application in accordance with the Collateral Agency Agreement: first, from the Distribution Account; second, from the applicable sub-account(s) of the Debt Service Reserve Account; and third, from the Major Maintenance Reserve Account. See "PROJECT ACCOUNT AND FLOW OF FUNDS—Flow of Funds." If on any Monthly Funding Date (or any other date on which any amounts constituting Senior Debt Service are due and payable), the amount available in the Senior Debt Service Payment Sub-Account (after giving effect to all relevant transfers from the applicable Project Accounts, including those specified in first through third above) is insufficient to pay the amounts specified in the preceding paragraph which are then due and payable, the Collateral Agent will transfer the funds to the persons or accounts specified in the relevant Funds Transfer Certificate on a pro rata basis, based on the relative outstanding principal amount of the Senior Obligations then due and payable.

Debt Service Reserve Account. The Debt Service Reserve Account and, in particular, each sub-account thereof will be created solely for the benefit of the applicable Senior Creditors as designated in writing by the Company to the Collateral Agent. Each sub-account will not be subject to any lien in favor of any person other than such applicable designated Senior Creditors and will be held by the Collateral Agent for the exclusive benefit of only such parties. The 2017 Bonds Debt Service Reserve Sub-Account will be created and established within the Debt Service Reserve Account in the name of the Company and solely for the benefit of the Owners and the Trustee. The Company is entitled to open new sub-accounts of the Debt Service Reserve Account by providing the Collateral Agent with instructions in respect of the same for any Additional Senior Obligations. Amounts will be deposited into any such sub-accounts at the direction of the Company in accordance with, and to the extent permitted by, the Collateral Agency Agreement. The 2017 Bonds Debt Service Reserve Sub-Account will be funded by the Company (or directly funded by the Equity Participants under the terms of the Equity Contribution Agreement) on the Project Substantial Completion Date so that the amounts on deposit in such account are equal to at least the Debt Service Reserve Required Balance, and the Collateral Agent will be authorized to transfer monies in the required amount from the Proceeds Account and the Operating Account (at the instruction of the Company) to the 2017 Bonds Debt Service Reserve Sub-Account on such date, in each case to the extent of available funds; provided that in no event (and at no time) will any amounts on deposit (or which were on deposit prior to being transferred to the Proceeds Account) in the Bonds Sub-Account, the Costs of Issuance Sub-Account or the Bonds Interest Reserve Sub-Account be applied to fund the Debt Service Reserve Account.

Thereafter, the Collateral Agent will cause amounts in the Proceeds Account, to the extent available, to be deposited in accordance with clause Seventh of the Flow of Funds into the applicable sub-account of the Debt Service Reserve Account from time to time as may be necessary to maintain the applicable Debt Service Reserve Required Balance. The Company will not be required to fund any deficiencies in the required balance of the Debt Service Reserve Account prior to making quarterly distributions from the Distribution Account on any Distribution Date (that is not also a Calculation Date) on which the applicable Distribution Conditions are met. See —“*Distribution Account*.” Except as described below, any amounts on deposit in any applicable sub-account of the Debt Service Reserve Account in excess of the applicable Debt Service Reserve Required Balance will be transferred to the Proceeds Account. Notwithstanding anything to the contrary in any Financing Document, the failure by the Company to deposit the required funds on the Project Substantial Completion Date, or any such other date under any Additional Financing Document or to maintain the applicable Debt Service Reserve Required Balance due to an insufficiency of Project Revenues for deposit into any applicable sub-account of the Debt Service Reserve Account and the unavailability of

other sources of funding therefor will not be considered to be a default or an Event of Default under any Financing Document.

Except as described in the following paragraph, monies on deposit in a sub-account of the Debt Service Reserve Account will be used by the Collateral Agent (without the requirement of a Funds Transfer Certificate) as follows:

- (i) in the event funds on deposit in the Senior Debt Service Payment Sub-Account are insufficient to fully pay all amounts of Senior Debt Service on the Senior Obligations to which such sub-account relates and that are due and payable on any date (after giving effect to the transfers contemplated by clauses Sixth and Seventh of the Flow of Funds and funding the Senior Debt Service Payment Sub-Account as required in accordance with the Collateral Agency Agreement as of such date), funds in an amount equal to such insufficiency will be transferred from the applicable sub-account of the Debt Service Reserve Account relating solely to such Senior Obligations to the Senior Debt Service Payment Sub-Account for application to the Senior Creditors in respect of Senior Debt Service in accordance with, and in the priority set forth in, Appendix D—“SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—The Project Accounts—*Debt Service Payment Account*”; and
- (ii) following the taking of an Enforcement Action against the Collateral, monies on deposit in each sub-account of the Debt Service Reserve Account will be applied in the manner described in Appendix D—“SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—Collateral and Remedies—*Application of Proceeds*.”

The terms of the Collateral Agency Agreement provide that the Company may substitute for all or any portion of the cash or Permitted Investments on deposit in a sub-account of the Debt Service Reserve Account, one or more Acceptable Letters of Credit in an amount equal to the amount of cash or Permitted Investments so substituted in such sub-account. Any repayment or reimbursement obligation under any such Acceptable Letters of Credit will be payable as set forth in clause Seventh of the Flow of Funds to the extent such payment is permitted by the terms of such provision.

Major Maintenance Reserve Account. The Major Maintenance Reserve Account will be funded by the Company (or directly funded by the Equity Participants under the terms of the Equity Contribution Agreement) commencing on the Project Substantial Completion Date so that the amounts on deposit in such account, to the extent of available funds, are at least equal to the Major Maintenance Reserve Required Balance, and the Collateral Agent is authorized by the Collateral Agency Agreement to transfer monies in the required amount from the Proceeds Account and the Operating Account (at the instruction of the Company) to the Major Maintenance Reserve Account on such date, in each case to the extent of available funds. The Collateral Agent will thereafter, in accordance with the Flow of Funds, cause amounts in the Proceeds Account, to the extent available, to be deposited into the Major Maintenance Reserve Account from time to time as will be necessary to maintain the Major Maintenance Reserve Required Balance. All amounts on deposit in the Major Maintenance Reserve Account will be available exclusively for funding (i) Major Maintenance Costs, (ii) Required Capital Expenditures and (iii) in the event that funds on deposit in the Proceeds Account are insufficient to fund the transfers contemplated by clauses Fifth and Sixth of the Flow of Funds at the times required thereby, funds on deposit in the Major Maintenance Reserve Account will be transferred to the Senior Debt Service Payment Sub-Account only in accordance with, and in the priority set forth in, such clauses and paragraph (c) First and Second described under “—The Project Accounts —*Debt Service Payment Account*” above. No amounts on deposit in the Major Maintenance Reserve Account will be available for any other purpose, except as described in Appendix D—“SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—Collateral and Remedies—*Application of Proceeds*.” Except as provided below, any amounts on deposit in the Major Maintenance Reserve Account in excess of the Major Maintenance Reserve Required Balance will be transferred to the Proceeds Account. Notwithstanding anything to the contrary in any Financing Document, the failure by the Company to deposit the required funds on the Project Substantial Completion Date or to maintain the Major Maintenance Reserve Required Balance due to an insufficiency of Project Revenues for deposit into the Major Maintenance Reserve Account and the unavailability of other sources of funding therefor will not be considered to be a default of an Event of Default under any Financing Document.

The terms of the Collateral Agency Agreement provide that the Company may substitute for all or any portion of the cash or Permitted Investments on deposit in the Major Maintenance Reserve Account, one or more Acceptable Letters of Credit in an amount equal to the amount of cash or Permitted Investments so substituted in the Major Maintenance Reserve Account. Any repayment or reimbursement obligation under any such Acceptable Letter of Credit will be payable as set forth in clause Eighth of the Flow of Funds, to the extent such payment is permitted by the terms of such provision.

Distribution Account. In the event that amounts on deposit in the Proceeds Account are insufficient at any time to pay in full the amounts described in clauses First through Tenth set forth in the Flow of Funds, the Collateral Agent will use the funds in the Distribution Account to pay, after applying amounts on deposit in the Proceeds Account, such remaining amounts in the priority set forth in the Flow of Funds.

Funds on deposit in the Distribution Account will be distributed as directed by the Company in writing in its sole discretion on any Distribution Date and on any day thereafter prior to the immediately succeeding Distribution Date; provided that all of the following conditions are satisfied on or as of such Distribution Date:

- (i) all transfers and distributions required to be made pursuant to clauses First through Tenth of the Flow of Funds on or prior to such Distribution Date have been satisfied in full (including (a) if such Distribution Date is not also a Payment Date, the transfers to the Bonds Debt Service Interim Payment Sub-Account or any other sub-account of the Debt Service Payment Account required under the paragraph below and (b) if such Distribution Date is not also a Calculation Date, the Major Maintenance Reserve Account and each sub-account of the Debt Service Reserve Account are funded with an amount equal to the Major Maintenance Reserve Required Balance and the Debt Service Reserve Required Balance respectively calculated as of the most recent preceding Calculation Date, less any amounts spent for Major Maintenance Costs and Required Capital Expenditures pursuant to the Collateral Agency Agreement);
- (ii) no default or Event of Default has occurred and is continuing;
- (iii) Project Substantial Completion has been achieved; and
- (iv) the Company provides a written certification that (a) for the Calculation Period ending on such Distribution Date, the Senior Debt Service Coverage Ratio as of the last date of such Calculation Period was 1:10:1.00 or greater and (b) for the Calculation Period ending on the twelve-month anniversary of such Distribution Date, the Projected Senior Debt Service Coverage Ratio is 1.10:1.00 or greater;

and the Company delivers to the Collateral Agent and the Trustee a Funds Transfer Certificate which specifically certifies that these conditions have been met.

If on any Distribution Date (i) all of the Distribution Conditions have been satisfied on or as of such Distribution Date, and (ii) such Distribution Date is not also a Payment Date, then prior to making payment to the Distribution Account pursuant to clause Eleventh of the Flow of Funds or any of the distributions or transfers contemplated herein, the Company must transfer or otherwise deposit, or cause to be transferred or otherwise deposited, into, (a) the Bonds Debt Service Interim Payment Sub-Account an amount equal to the amount of Senior Debt Service in respect of the Senior Obligations under the Loan Agreement due and payable on the next succeeding Calculation Date multiplied by 50% and (b) any other sub-account(s) established as a sub-account to the Debt Service Payment Account an amount, for each such sub-account, equal to the amount of Senior Debt Service in respect of the Additional Senior Obligations for which such sub-account was created that is due and payable under the relevant Financing Documents on the next succeeding Calculation Date multiplied by 50%.

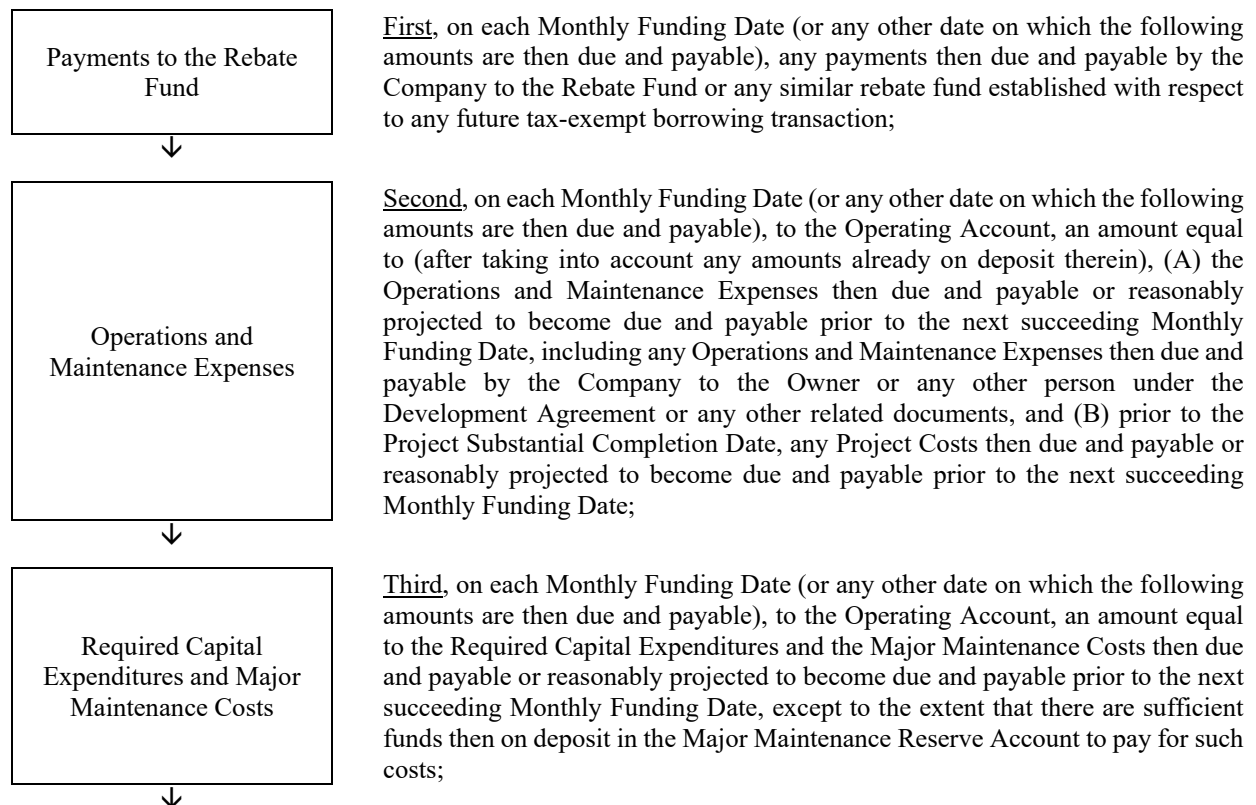
Withdrawal and Application of Funds; Priority of Transfers from Project Accounts

Except as described in “PROJECT ACCOUNTS AND FLOW OF FUNDS—Project Accounts—*Description of Project Accounts—Debt Service Payment Account*”, “PROJECT ACCOUNTS AND FLOW OF FUNDS—Project Accounts—*Description of Project Accounts—Debt Service Reserve Account*” and Appendix D—“SUMMARY OF

CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—Project Accounts—*Termination Proceeds*” and elsewhere in this section, each withdrawal or transfer of funds from the Project Accounts (other than from the Operating Account) by the Collateral Agent on behalf of the Company will be made pursuant to an executed Funds Transfer Certificate, which certificate will be provided and prepared by the Company and will contain a certification by the Company that such withdrawal or transfer complies with the requirements of the Collateral Agency Agreement. Unless a shorter period is acceptable to both the Collateral Agent and the Trustee, such Funds Transfer Certificate relating to each applicable Project Account (other than the Distribution Account and the Major Maintenance Reserve Account) will be delivered to the Collateral Agent (with a copy to the Trustee) no later than four (4) Business Days prior to each date on which funds are proposed to be withdrawn or transferred. In the event that a certificate does not comply with the requirements of the Collateral Agency Agreement or the other Financing Documents, the Trustee has the right to reject such certificate and the Company will not be entitled to cause the proposed withdrawal or transfer until it has submitted a revised and compliant certificate.

Flow of Funds

Pursuant to the terms of the Collateral Agency Agreement, Project Revenues are required to be deposited into the Proceeds Account, and the Collateral Agent is required to make the following withdrawals, transfers and payments from the Proceeds Account in the amounts, at the times, for the purposes and in the order of priority (the “Flow of Funds”) set forth below, in each case, to the extent of available cash at such time, upon the instructions of the Company. For a further detailed summary of the Flow of Funds and a description of each of the accounts and sub-accounts, see Appendix D—“SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT.”



Fees, Administrative Costs, and other Expenses



Interest on Senior Debt Service and Hedging Obligations



Principal on Senior Debt Service and Hedging Termination Obligations



Debt Service Required Balance and Recourse Acceptable Letter of Credit

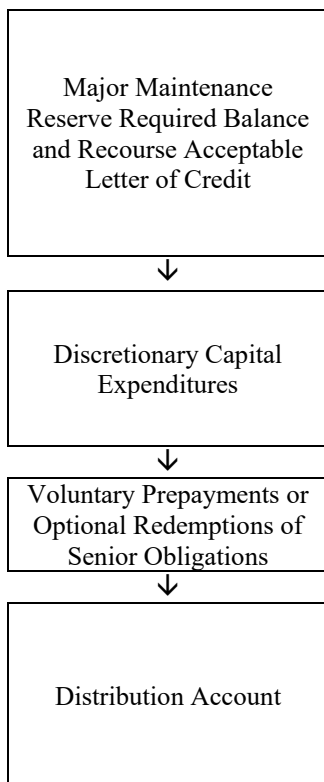


Fourth, on each Monthly Funding Date (or any other date on which the following amounts are then due and payable), to Collateral Agent, the Trustee, the other Secured Creditors, the Issuer and the Issuer Indemnified Persons (only to the extent of its and their Reserved Rights) and any NRSRO, as applicable, an amount equal to fees, administrative costs, other expenses and indemnification payments of such parties then due and payable in connection with the Financing Documents (or as may otherwise be due and payable in the case of any NRSRO) (less, solely to the extent such fees, costs and other expenses constitute Costs of Issuance, amounts on deposit in the Costs of Issuance Sub-Account of the Construction Proceeds Account which will be used to pay such fees, costs and expenses);

Fifth, on each Monthly Funding Date that is the Monthly Funding Date immediately preceding or occurring on the same date as a Payment Date with respect to the Senior Obligations or on an Interim Payment Date, (i) to the Senior Debt Service Payment Sub-Account, an amount (that together with the amount, if any, then on deposit in the Senior Debt Service Payment Sub-Account for purposes of paying interest due on the Senior Debt Service and, if applicable, then on deposit in other interest payment accounts established under the Indenture, to pay the interest payment due on such Payment Date), equal to the interest portion due on Senior Debt Service and Hedging Obligations, as the case may be, and (ii) if such Monthly Funding Date (or such other date) is an Interim Payment Date or a Distribution Date, to the Bonds Debt Service Interim Payment Sub-Account or any other interim payment sub-account(s) for Additional Senior Obligations, the interest portion of any amount required to be transferred or otherwise deposited in accordance with the Loan Agreement, the Collateral Agency Agreement and otherwise in accordance with the Financing Documents for the relevant Additional Senior Obligations;

Sixth, on each Monthly Funding Date that is the Monthly Funding Date immediately preceding or occurring on the same Payment Date with respect to the Senior Obligations or on an Interim Payment Date, (i) to the Senior Debt Service Payment Sub-Account, an amount (that together with the amount, if any, then on deposit in the Senior Debt Service Payment Sub-Account for purposes of paying the principal payment due and, if applicable, then on deposit in other principal payment accounts established under the Indenture, to pay the principal due on such Payment Date) equal to the principal portion (including any principal portion due in connection with any scheduled mandatory sinking fund redemption, if applicable) due on Senior Debt Service and Hedging Termination Obligations, as the case may be, and (ii) if such Monthly Funding Date (or such other date) is an Interim Payment Date or a Distribution Date, to the Bonds Debt Service Interim Payment Sub-Account or any other interim payment sub-account(s) for Additional Senior Obligations, the principal portion of any amount required to be transferred or otherwise deposited in accordance with “FINANCING FOR THE PROJECT—Senior Debt—Loan Agreement—Repayment Terms,” “—Distribution Account” and otherwise in accordance with the Financing Documents for the relevant Additional Senior Obligations;

Seventh, on each Calculation Date, to the relevant sub-accounts of the Debt Service Reserve Account, (x) to the extent necessary to fund such account so that the balance therein equals the Debt Service Reserve Required Balance and (y) to the extent permitted under the Financing Documents, to the payment of any outstanding payment obligations of the Company in respect of a Recourse Acceptable Letter of Credit held for the benefit of the relevant sub-accounts of the Debt Service Reserve Account, provided the stated amount thereof does not exceed the Debt Service Reserve Required Balance;



Eighth, on each Calculation Date, to the Major Maintenance Reserve Account, (x) to the extent necessary to fund such account so that the balance therein equals the Major Maintenance Reserve Required Balance and (y) to the extent permitted under the Financing Documents, to the payment of any outstanding payment obligations of the Company in respect of a Recourse Acceptable Letter of Credit held for the benefit of the Major Maintenance Reserve Account, provided the stated amount thereof does not exceed the Major Maintenance Reserve Required Balance;

Ninth, on each Calculation Date, to the Operating Account, an amount equal to the Discretionary Capital Expenditures (as determined by the Company, without independent verification as to reasonableness by the Lenders' Technical Advisor) then due and payable or reasonably projected to become due and payable prior to the next succeeding Calculation Date;

Tenth, on each Calculation Date, to the Senior Debt Service Prepayment Sub-Account, any voluntary prepayments and optional redemptions of Senior Obligations; and

Eleventh, on each Distribution Date (or such later date after giving effect to all of the transfers required to be made pursuant to clauses First through Tenth on such date), so long as the Distribution Conditions have been satisfied as of such Distribution Date all remaining amounts, if any, as were on deposit in the Proceeds Account as of such Distribution Date will be transferred to the Distribution Account.

RISK FACTORS

Investing in the Series 2017 Bonds is subject to numerous risks including, but not limited to, those set forth below. Investors should consider carefully the information set forth in this section along with all of the other information provided in this Official Statement before deciding whether to invest in the Series 2017 Bonds. The occurrence of any such risks could materially and adversely affect the Company's business, financial condition and results of operations. In such event, the Company may not have sufficient revenues to make payments pursuant to the Loan Agreement and, in turn, there may be insufficient funds available to pay debt service on the Series 2017 Bonds, and/or the market price for the Series 2017 Bonds could decline and investors could lose all or part of their investment. The Series 2017 Bonds are special limited obligations of the Issuer payable solely from the payments pledged therefor including repayments under the Loan Agreement and, indirectly, the Collateral in accordance with the Indenture, the Collateral Agency Agreement and the other Security Documents.

Risks Relating to the Issuer, the Company and the limited recourse of the Bonds

The Bonds are special limited non-recourse obligations of the Issuer, payable solely from payments made by the Company under the Loan Agreement. To the extent there are insufficient funds available to make payments with respect to the Bonds, the Bondholders will have recourse only to the Company and the Trust Estate.

The Bonds are special limited non-recourse obligations of the Issuer payable solely from the payments made by the Company under the Loan Agreement and secured by the Trust Estate. If the Company is not able, for any reason, to receive Supplemental Payments from the Owner in a timely manner or Concessions Revenues earned by the Company from the Concessions Program are lower than projected, the Company may not be able to make payments of the amounts due pursuant to the Loan Agreement. In such an event, payments of principal or interest on the Bonds may not be made, and the Bondholders will not have any recourse to any party other than the Company or, as applicable, to the Trust Estate for payment of the amounts then due. Neither the full faith and credit nor the taxing power of the Owner or the Issuer, is pledged to the payment of the principal or redemption price of or interest on the Bonds or any other obligations under the Indenture. The Issuer has no taxing power.

The Company is a single-purpose entity formed solely for the purpose of carrying out the Project under the Development Agreement, and, as such, the sole source of revenues of the Company is generated from the Project.

The Company was formed for the sole purpose of entering into the Development Agreement and related Project Documents and Financing Documents, and has no assets other than the equity contributions from the Equity Participants, amounts on deposit in the Project Accounts, its rights under the Principal Project Contracts (which includes the Development Agreement) to receive certain payments, including Progress Payments, Supplemental Payments and its right to retain the Company Commercial Revenue, which includes the Company Concessions Revenue generated from the Project. The Company intends to pay a portion of the construction costs of the Project with Progress Payments and to pay debt service on the Bonds and certain operations and maintenance costs with Supplemental Payments and Company Commercial Revenue. See "PROJECTED SOURCES AND USES OF FUNDS AND PROJECTED FINANCIAL INFORMATION—Overview of Projected Financial Information—Projected Cash Flow and Debt Service Coverage for the Bonds During Operations." The receipt by the Company of the Progress Payments and Supplemental Payments may be delayed or reduced in certain circumstances, for example, due to a failure by the Owner to make payment in a timely manner or due to deductions being made from the Supplemental Payments for performance failures by the Company. Further, actual Concessions Revenue could be lower than those currently projected to be earned by the Company.

Without its rights under the Development Agreement, and more specifically its rights to receive Progress Payments and Supplemental Payments from the Owner and the Company Commercial Revenue, which includes the Company Concessions Revenue from the Project, the Company will not be able to operate its business. Its ability to make payments pursuant to the Loan Agreement is dependent upon the successful construction and operation of the Project and the receipt of sufficient funds to pay Operations and Maintenance Expenses, Major Maintenance Costs, Required Capital Expenditures, amounts due by the Company to the Owner (or other persons) under the Development Agreement and debt service. If for any reason the Supplemental Payments or other revenues of the Company are reduced or eliminated, the Company may not have sufficient funds to satisfy its payment obligations under the Loan

Agreement, and therefore, the payment of principal or interest on the Bonds. Substantially all of the Company's rights under the Development Agreement are being pledged and assigned as security for the Company's financial obligations in respect of the Secured Obligations, but no assurance can be given that the funds available to the Company will be sufficient to make all of the payments due under the Loan Agreement or that funds available to the Trustee will be sufficient to make all of the payments to be paid from the Trust Estate, including payments of principal or interest on the Bonds.

Risks Relating to the Payments from the Owner and Company Commercial Revenues

A decrease in passenger traffic at the Airport or the Terminal could adversely impact the amount of revenues generated at the Airport and the Terminal and therefore the ability of the Owner to make payments to the Company under the Development Agreement and the ability of the Company to make payments under the Loan Agreement.

Under the Development Agreement, the Owner is obligated to make Progress Payments and Supplemental Payments to the Company and, in certain circumstances, to pay certain termination and compensation amounts to the Company. The Owner's source of funds for the payment of its obligations under the Development Agreement are the Gross Revenues generated at the Airport.

After the Progress Payments and Supplemental Payments, the next most important source of revenues is the Company Commercial Revenues. Under the Development Agreement, the Company is entitled to retain the Company Concessions Revenue from its operation of the Concessions Program and the Owner is entitled to 80% of the Concessions Revenue. Although the Supplemental Payments payable by the Owner under the Development Agreement are expected to be the Company's primary source for payment of its obligations under the Loan Agreement, the Company's ability to make payments pursuant to the Loan Agreement is also dependent upon the receipt of Company Commercial Revenues to pay not only amounts due under the Loan Agreement but also amounts that are payable prior to debt service on the Bonds in the accordance with the Collateral Agency Agreement, namely Operations and Maintenance Expenses, Major Maintenance Costs and Required Capital Expenditures (including amounts due by the Company to the Owner under the Development Agreement). The generation of Concessions Revenues by the Concessions Program may vary depending on various factors including many of the factors referred to below which are outside of the control of the Company, such as prevailing adverse economic conditions. If for any reason Concessions Revenues are lower than currently anticipated, the Company may not have sufficient funds to satisfy its payment obligations under the Loan Agreement, and therefore, the payment of principal or interest on the Bonds.

Gross Revenues generated at the Airport are dependent primarily on the level of aviation activity and enplaned passenger traffic at the Airport. Future levels of aviation activity and enplaned passenger traffic will depend upon many local, regional, national and international factors including, national and international economic conditions, the population and economy of the Airport service region, the national and local unemployment rate and political conditions including wars, other hostilities and acts of terrorism, safety, aviation security and public health concerns, the financial health of the airline industry and of individual airlines, airline services and route networks, air travel prices and airline competition, airline mergers, the sale of airlines, allegiances and consolidations, availability and price of aviation and fuel, employee cost and availability and labor relations within the airline industry, the availability and capacity of the national air transportation system and of the Airport, accidents involving commercial passenger aircraft, visa requirements and other limitations on the ability of foreign citizens to enter the United States, currency exchange rates and the occurrence of pandemics and other man-made disasters. The occurrence of circumstances which could decrease or alter passenger traffic at the Airport as described in more detail below, could impact the Owner's ability to generate Gross Revenues at the Airport and correspondingly make payments to the Company under the Development Agreement and the Company's ability to generate Concessions Revenue and in turn the ability of the Company to make payments under the Loan Agreement could be materially and adversely affected.

Decrease in passenger traffic due to changes in the economy. Historically, airline passenger traffic nationwide has correlated closely with the condition of the United States economy and levels of real disposable income. In the past, recessions and periods of stagnant economic conditions in the United States, Colorado and Denver have contributed to reduced passenger traffic at the Airport. High unemployment could also reduce discretionary income and contribute to reduced airline travel demand. Population and demographic changes, low economic growth (including lower than expected GDP for the Denver region), government macroeconomic policies, social instability,

and other factors impacting air travel may impact the volume of passenger traffic at the Airport and decrease the generation of revenues therein. Growth in the United States economy has also become closely tied to worldwide economic, political and social conditions. As a result, international economic conditions, trade balances, currency exchange rates, political relationships and hostilities are important influences on passenger traffic at United States airports, including the Airport. Passenger traffic at the airport will be dependent, in part, on stable international conditions as well as national and global economic growth and any reduction in the same could adversely affect Gross Revenues and Company Concessions Revenues.

Decrease in passenger traffic due to security and health concerns. Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of aviation; international hostilities and terrorist attacks may influence passenger travel behavior and air demand travel. Travel demand may also be affected by security and public health concerns, the occurrence of pandemics and other man-made disasters, the inconveniences and delays associated with more stringent security screening procedures, the potential exposure to severe illness (such as the outbreak of the Zika virus), and natural disasters, all of which could lead to the avoidance of airline travel or the use of other means of transportation.

In response to security concerns, the TSA could implement new or additional security measures in the Airport that would require passengers to go through additional or more stringent security revisions and to spend more time in security screening. Such actions could reduce passenger traffic or the amount of time spent by passengers in the Terminal and at the Concessions, and/or could otherwise divert traffic therefrom and into the concourses. Additionally, computer networks and data transmission and collection are vital to the efficient operation of the airline industry. Air travel industry participants, including airlines, the FAA, the TSA, the Airport, Concessionaires and others collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to air travel industry operations. Despite security measures, information technology and infrastructure may be vulnerable to attacks by networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in the efficiency of the air travel industry, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, operations and the services provided, and cause a loss of confidence in the air travel industry.

Any of the above events could materially and adversely affect the Owner's ability to generate Gross Revenues at the Airport and make timely payments under the Development Agreement and the Company's ability to generate Concessions Revenues.

Decrease in passenger traffic due to the financial condition of the airlines and industry consolidation. The ability of the Airport to derive revenues from its operations also depends largely upon the financial health of the airline industry and of the individual airlines serving the Airport. The financial results of the airline industry have historically been volatile and many carriers have had extended periods of unprofitability in the past. The airline industry is sensitive to a number of factors such as the availability and price of fuel, employee costs and labor relations within the airline industry, aircraft, supplies and insurance, general economic conditions, international trade, currency values, competitive considerations, including effects of airline ticket pricing, governmental regulations, including security and climate change-related regulations, taxes imposed on airlines and passengers, maintenance and environmental requirements, passenger demand for air travel, strikes and other union activities, availability of financing and disruptions caused by airline accidents, criminal accidents, public health concerns and acts of war or terrorism all of which could have an adverse impact on the air transportation industry by increasing airline operating costs and decreasing airline profitability. In addition to the above, the airline industry is cyclical and subject to competition and variable demand. Traffic volumes are responsive to economic circumstances and seasonal patterns. Other factors, such as regulatory costs, can also have a significant impact on the industry. As a result, airline financial performance can fluctuate dramatically from one reporting period to the next.

Fuel is a significant cost component of airline operations and continues to be an important and uncertain determinant of an air carrier's operating economics. Historically, aviation fuel prices have been particularly sensitive to worldwide political instability. Continued or new hostilities in the Middle East or other petroleum producing regions could dramatically impact the price and availability of aviation fuel. Economic expansion in emerging markets also contributes to higher aviation fuel prices. While fuel prices have declined significantly in the past few years due to

strong global supply, increased United States oil production and other factors, an increase in the cost of aviation fuel may occur in the future. Significant and prolonged increases in the cost of aviation fuel have had and are likely in the future to have an adverse impact on the air transportation industry by increasing airline operating costs and reducing airline profitability.

The risk of airline bankruptcies, the occurrence of airline mergers, sales, alliances and consolidations, airline service and route networks, airline competition and airfares, capacity of the national air transportation system and of the Airport could likewise adversely affect the level of aviation activity and of passenger traffic at the Airport. In recent years, airlines have taken a variety of measures to increase their profitability, including closures or reductions of unprofitable routes, reductions of work forces, implementation of pay cuts, streamlining of operations and introduction of new fees. If airlines operating in the Airport were to cancel or diminish their routes or flights to and from the Airport, or implement new routes shifting passengers who formerly connected via other hubs, passenger flow could be reduced and the Owner's ability to generate Gross Revenues at the Airport and make timely payments under the Development Agreement and the Company's ability to generate Concessions Revenue could be negatively affected. The major air carriers operating at the Airport currently, by local market share, are United Airlines, Southwest Airlines, Frontier Airlines, American Airlines and Delta Airlines. If such airlines, particularly United Airlines, decided to cancel or reduce their operations at the Airport or otherwise consummate mergers and consolidations that affect their use of the Airport, flight volumes at the Airport would be reduced and passenger traffic volumes could be adversely affected decreasing revenues to the Owner and the Company. For more on risks associated with airline bankruptcies see "*—Airline bankruptcies could have a material and adverse impact on Owner Gross Revenues and thus its ability to make timely payments under the Development Agreement which could impact the ability of the Company to pay debt service on the Bonds.*"

Decrease in passenger traffic due to change in laws or rules. The Airport is also subject to various laws, rules and regulations adopted by local, State and federal governments and their agencies, including the FAA, the TSA, Customs and Border Protection and the U.S. Department of Health. The Company cannot predict the adoption or amendment of additional laws, rules or regulations, or their effect on the operations or financial condition of the Airport. The operations of the Airport are additionally affected by a variety of contractual, statutory and regulatory restrictions and limitations. The adoption of additional laws, rules, regulations, restrictions or limitations on Airport operations could affect the Airport's operations, require funding by the Owner or affect the generation of Gross Revenues at the Airport and Concessions Revenues at the Terminal. In particular, climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels that could have a material adverse effect on the operations of the Airport and on the airlines operating at the Airport. As another example, the imposition of restrictions for international passengers to enter into the United States or of additional security screenings could decrease the passenger traffic at the Airport. It could likewise increase the price of air travel or use of services at the Airport and decrease the number of enplaned passengers at the Airport.

Decrease in passenger traffic due to force majeure events. The Airport's ability to generate Gross Revenues and the ability of the Company to generate Company Concessions Revenues is also at risk from other force majeure events, such as extreme weather events and other natural occurrences, fires, explosions, spills of hazardous substances, strikes and lockouts, sabotage, or wars, terrorist or other attacks, blockades or riots. Although the Owner and the Company each have attempted to mitigate the risk of loss from many of these occurrences by purchasing, as applicable, commercial property and casualty insurance and business interruption insurance, no assurance can be given that such insurance will always be available in sufficient amounts, at a reasonable cost or available at all, or that insurers will pay claims in a timely manner or at all.

Decrease in passenger traffic due to a failure to implement its current or future capital programs. The continued desirability of the Airport by passengers and the airlines that currently service the Airport may be dependent on the ability of the Airport to implement its current and future capital program. The ability of the Owner to complete its capital projects set forth in its capital program may be adversely affected by various factors including: (i) estimating variations, (ii) design and engineering variations, (iii) changes to the scope, scheduling or phasing of the capital projects, (iv) delays in contract awards, (v) material and/or labor shortages, (vi) unforeseen site conditions, (vii) adverse weather conditions, natural disasters or other casualty events, (viii) contractor defaults, (ix) labor disputes, (x) unanticipated levels of inflation, (xi) inability of the Airport, concessionaires, airlines, developers or other transaction participants to obtain or maintain financing, (xii) environmental issues, (xiii) litigation, (xiv) delays due to airline operational needs, (xv) bidding conditions through the Airport's procurement process and (xvi) unavailability of

funding sources or increased costs of capital due to changes in tax law or financial markets. To the extent that the Airport is not able to consummate all or a portion of its contemplated capital projects, the same may have a material and adverse impact on passenger traffic at the Airport.

Owner Gross Revenues are derived from a number of different sources, such as use and lease agreements with the airlines, federal funding for the Airport, parking revenues and passenger facility charges. If the Owner stops receiving any or all of such sources of funds, the Owner may lose or have a decreased ability to pay its obligations under the Development Agreement which could impact the Company's ability to pay debt service on the Bonds.

Generally. Gross Revenues at the Airport are derived from sources such as parking and concessions, including car rental companies, merchandisers, restaurants and others. A decline in Airport passenger traffic could affect parking revenues and commercial operations of such concessions. Severe financial difficulties affecting a concessionaire could lead to a reduction in, or failure to pay, rent due under its lease agreement with the Airport or could lead to the cessation of operations of such concessionaire.

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

Airport Use and Lease Agreements. A substantial portion of Gross Revenues of the Owner are derived from rentals, fees and charges imposed upon the airlines that have use and lease agreements with the Airport. Certain use and lease agreements are close to their expiration and will have to be extended by an amendment to the same. Additionally, any of the use and lease agreements may be terminated by the parties under such agreements under certain circumstances. If the Owner fails to extend the term of such use and lease agreements or the same are terminated by the airlines, the airlines party thereto could cease to pay rentals, fees and other charges and the Owner's Gross Revenue and ability to make timely payments under the Development Agreement may be materially affected. Upon the expiration or termination of a use and lease agreement, an airline is required to surrender the leased premises to the Owner. Holding over by an airline following the expiration of the term of a use and lease agreement or any extension thereof, without an express agreement as to such holding over, is deemed to be a periodic tenancy on a month-to-month basis. In such case, an airline is subject to all the terms and conditions of the use and lease agreement. Rent, fees, and charges for each month of such holding over are required to be paid by the airline to the Owner in an amount that is generally equal to the monthly rental, fees, and charges required for the month prior to the end of the term of such agreement. The Owner may encounter significant expenses, delays and potentially nonpayment of amounts owed by the airline following the expiration or termination of the related use and lease agreement should the Owner be required to pursue legal action to enforce the use and lease agreements.

Rate Covenant Implications. The Airport has covenanted in its Bond Ordinance to fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport System in order that in each Fiscal Year the Gross Revenues, together with other available funds (consisting of transfers from the Airport's capital fund to its revenue fund), will be at least sufficient to provide for the payment of operation and maintenance expenses of the Airport System and for the greater of either (1) the amounts needed for making the required cash deposits to the credit of the several subaccounts of the bond fund created under the Bond Ordinance (except the redemption account thereof) and to the credit of the bond reserve fund created under the Bond Ordinance with respect to senior bonds, and to the credit of the several accounts and subaccounts of the subordinate bond fund created under the Bond Ordinance and the operation and maintenance reserve account created under the Bond Ordinance, or (2) an amount equal to not less than 125% of the aggregate debt service requirements on the senior bonds for the Fiscal Year. Additionally, the Airport has covenanted in the General Subordinate Bond Ordinance and in the General Junior Bond Ordinance to fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport System in order to maintain certain levels of funds sufficient to provide for the payment of operation and maintenance expenses of the Airport System and to provide for the payment of debt service requirements. See Appendix J—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE, GENERAL SUBORDINATE BOND ORDINANCE AND GENERAL JUNIOR LIEN BOND ORDINANCE—Rate Maintenance Covenant."

Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of the Airport could have a detrimental impact on the operations of the Airport by making the cost of operating therein unattractive to airlines, concessionaires and others, and/or by reducing the operating efficiency of the Airport.

Federal Funding: Impact of Federal Sequestration. The Airport depends on federal funding for the TSA, air traffic control and other FAA staffing and facilities. If the federal funding were reduced or eliminated, for reasons such as spending cuts or sequestration, the Owner would, among other things, need to fund certain capital expenditures from other sources and/or extend the timing for completion of certain projects. This reduction in funds could affect the Owner's ability to pay its obligations, including to comply with its obligations under the Development Agreement. Likewise, a reduction in federal funding could affect the Airport's ability to maintain the Airport in its present state attracting less passenger traffic which could adversely impact generation of Gross Revenues and Company Commercial Revenue. The Airport likewise receives passenger facility charges collected by the airlines, one third of which are considered Gross Revenues under the Bond Ordinance. Two thirds of such charges are irrevocably committed through 2018 to the payment of debt service requirements of the Owner's senior bonds and may continue to be committed thereafter if determined by the Owner. The Airport's receipt of such passenger facility charges depends on the eligible number of passenger enplanements at the Airport.

To the extent that any of the foregoing occurs and there is a decrease in Gross Revenues available to the Owner, the Owner may have a limited ability or no ability to make payments to the Company under the Development Agreement, and the Company may have a limited ability, or no ability, to make payments pursuant to the Loan Agreement, which in turn, may adversely affect payments of the principal or interest on the Bonds.

Airline bankruptcies could have a material and adverse impact on Owner Gross Revenues and thus its ability to make timely payments under the Development Agreement which could impact the ability of the Company to pay debt service on the Bonds.

Some of the airlines operating at the Airport have filed for bankruptcy in the past and may do so in the future. The Company cannot predict the extent to which any such events would impact the ability of the Airport to pay its outstanding obligations, including in respect of the Supplemental Payments. For example, Up-Airlines Republic Airways Holdings Inc. filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in February 2016. The following is a discussion of various impacts to the Airport of an airline bankruptcy.

Assumption or Rejection of Agreements. In the event that an airline that has executed a use and lease agreement or other executory contract with the Owner seeks protection under the Bankruptcy Code, such airline or its bankruptcy trustee must determine whether to assume, reject, or assume and assign its agreements with the Owner within certain timeframes provided in the bankruptcy laws. In the event of assumption, the airline is required to cure any prior monetary defaults and provide adequate assurance of future performance under the applicable use and lease agreement or other executory contract. Generally, a debtor airline has 120 days to make the decision to assume, reject, or assume and assign leases of nonresidential real property but may seek a court order extending this deadline for up to an additional 90 days. A debtor may not extend the time to make a decision with respect to nonresidential real property leases beyond 210 days from the date on which the bankruptcy was commenced without the express written consent of the Owner.

Rejection of a use and lease agreement or other executory agreement or contract will give rise to an unsecured claim of the Owner for damages. The amount of such damages in the case of a use and lease agreement or other agreement is limited by the Bankruptcy Code. Certain amounts unpaid as a result of a rejection of a use and lease agreement or other agreement in connection with an airline in bankruptcy, such as airfield costs and costs associated with the baggage claim area and the underground automated guideway transit system, would be passed on to the remaining airlines under their respective use and lease agreements, thereby increasing such airlines' cost per enplanement, although there can be no assurance that such other airlines would be financially able to absorb the additional costs. In addition, adjustments could be made to terminal and concourse rents of nonairline tenants, although there can be no assurance that such other tenants would be financially able to absorb the increases.

With respect to any airline that may seek bankruptcy protection under the laws of a foreign country, the Owner is unable to predict what types of orders or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States. Typically, foreign airline bankruptcy proceedings obtain an order in the United States to recognize the foreign proceedings and stay the actions of creditors in the United States.

Prepetition Obligations. During the pendency of a bankruptcy proceeding, absent a court order, a debtor airline may not make any payments to the Owner on account of goods and services provided prior to the bankruptcy. Thus, the Owner’s stream of payments from a debtor airline would be interrupted to the extent of prepetition goods and services, including accrued rent and landing fees. If the use and lease agreement of an airline in bankruptcy is rejected, the airline (or a successor trustee) may also seek to avoid and recover as preferential transfers certain payments, including landing fees and terminal rentals, paid by such airline in the 90 days prior to the date of the bankruptcy filing.

Passenger Facility Charges. Pursuant to 49 U.S.C. § 40117 (the “PFC Enabling Act”), the FAA has approved the Owner’s applications to require the airlines to collect and remit to the City a \$4.50 passenger facility charge on each enplaning revenue passenger at the Airport.

The PFC Enabling Act provides that passenger facility charges collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the Owner) imposing the passenger facility charges, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for passenger facility charge collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. However, the airlines are permitted to commingle passenger facility charge collections with other revenues and are also entitled to retain interest earned on passenger facility charge collections until such passenger facility charge collections are remitted. In the event of a bankruptcy, the PFC Enabling Act provides certain statutory protections for the Owner of passenger facility charge collections. However, it is unclear whether the Owner would be able to recover the full amount of passenger facility charge trust funds collected or accrued with respect to an airline in the event of a liquidation or cessation of business. It is also difficult to predict whether an airline operating at the Airport that files for bankruptcy would have properly accounted for passenger facility charges owed to the Owner or whether the bankruptcy estate would have sufficient moneys to pay the Owner in full for passenger facility charges owed by such airline. The Owner currently uses passenger facility charges to pay certain of its senior debt obligations; to the extent that such passenger facility charges became limited or unavailable, it may have insufficient Gross Revenues to pay the amounts due under the Development Agreement as a result of having to use other funds to pay higher priority obligations.

A decline in the availability of passenger facility charges could have a material and adverse impact on the ability of the Owner to meet its financial obligations, including making payments to the Company under the Development Agreement, negatively impacting the ability of the Company to pay debt service on the Bonds.

The Owner currently applies passenger facility charges to senior obligations incurred pursuant to the Bond Ordinance. The Owner’s ongoing receipt of such passenger facility charges is subject to several risks including the expiration of the airport’s passenger facility charge authorization (which expires on February 1, 2029), a decrease in the volume of passenger facility charge-eligible enplanements at the Airport, a termination of the ability of the Owner to charge passenger facility charges (for example, due to a failure to comply with FAA requirements regarding the use of such revenues) or the passage of legislation repealing or amending the current terms and conditions of passenger facility charges. To the extent that any of the foregoing occurs, the Owner may have a reduced flow of funds with which to pay its obligations, including those under the Development Agreement.

Projections of passenger flows, numbers of passengers and Airport revenue, among other projections and assumptions, may prove to be inaccurate or materially different from actual passenger flows, numbers of passengers and Airport revenue and, therefore, Concessions Revenue generated from the operation of the Project may, together with other funding sources, be insufficient to support the Company’s payment obligations under the Loan Agreement, thereby adversely affecting the value of or repayment of the Bonds.

Concessions Revenue collected from the Project will depend on passenger traffic volume in the Airport and receipts generated by the Concessions in the Terminal. Passenger volume and the performance of the Concessions Program, in turn, will depend on and may be affected by, a wide variety of factors, many of which are not within the Company’s control. See “RISK FACTORS—Risks Relating to the Issuer, the Owner and the Company—*A decrease in passenger traffic at the Airport or the Terminal could adversely impact the amount of revenues generated at the Airport and the Terminal and therefore the ability of the Owner to make payments to the Company under the Development Agreement and the ability of the Company to make payments under the Loan Agreement.*” Neither the

Company nor the Project Consultant can predict the technological and societal changes that may affect the use of and traffic in the Terminal.

In calculating the projections that form part of the reports described in “CONSULTANTS REPORTS” and attached hereto as Appendices H and I, the consultants made numerous assumptions and forecasts and used various methodologies in respect of certain of the above listed factors as well as a variety of other factors as detailed in such reports.

The Project Consultant Report by ICF was procured for the benefit of the Company and includes forecasts of the volume of passengers, operating cash flows and EBITDA that were prepared to assist the Company in evaluating the market, project analysis, and financial projections used to develop the business plan for the Project. The Lenders’ Technical Advisor report was prepared by Infrata and reviewed the Project risks and, in particular, those risks that could be material to the lenders’ interests and assessed the adequacy of the mitigating measures proposed by the Company. The Lender’s Technical Advisor Report also included a high level review of the assumptions and projections of ICF used in the Project Consultant Report. The Lender’s Technical Advisor Report determined that, while overall the projections of ICF were reasonable, in the traffic forecast review, ICF’s assumptions on the stimulation of traffic from new routes shifting passengers who formerly connected via other domestic hubs may be optimistic. The Lender’s Technical Advisor Report also determined that ICF’s assumption that domestic elasticity will not decay over time may be optimistic.

There can be no assurance that the cash flow or other projections in the consultants’ reports will prove to be accurate, and none of the Company, the Equity Participants, the Owner, the Underwriters nor any other party assumes any responsibility for the accuracy thereof. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances. The assumptions, forecasts and projections, including projections of passenger flows contained in the reports described herein and attached hereto, may prove to be inaccurate, and actual results may differ materially from those projected; therefore, revenues generated from the operation of the Project may be substantially lower than projected if such an event were to occur, thereby adversely affecting the payment of principal or interest on the Bonds.

A change in the passenger mix at the Terminal could reduce revenue generation for both the Company and the Owner. A change in passenger dynamics could reduce revenue generation for both the Company and the Owner.

Revenue generation at the Airport is closely tied to passenger traffic. Passenger traffic is closely correlated with the condition of the economy and level of disposable income. See RISK FACTORS—Risks Relating to the Issuer, the Owner and the Company—*A decrease in passenger traffic at the Airport or the Terminal could adversely impact the amount of revenues generated at the Airport and the Terminal and therefore the ability of the Owner to make payments to the Company under the Development Agreement and the ability of the Company to make payments under the Loan Agreement.*” The Airport currently has a passenger mix that is considered high spend. The increase in the Terminal’s capacity and its growth could attract a higher volume of passengers, including passengers of other segments different than high spend. This could affect passenger traffic and spending at the Terminal and could therefore affect the Owner’s ability to generate Gross Revenues at the Airport and make payments under the Development Agreement and the Company’s ability to generate Concessions Revenue, and therefore may adversely affect the Company’s ability to make timely payments pursuant to the Loan Agreement, thereby adversely affecting payment of principal or interest on the Bonds.

A change in passenger dynamics for reasons that could impact the passenger experience, such as higher passenger traffic and reduced capacity of the Terminal, reduced dwell time in the Terminal due to infrastructure improvements as a result of the Project, higher construction works or changes in the TSA screening process and check-in process which could disrupt the passenger flow or cause the formation of long lines or bottlenecks, could reduce the time spent in the commercial areas of the Terminal and potential spending by users. The new check-in areas are significantly smaller than the existing check-in area and this may cause a reduction in the speed with which the airlines can check-in passengers or lead to other operational issues for the airlines which may reduce the amount of time that passengers spend in the airside commercial areas. Likewise, the location of the new TSA screening area could result in a disruption to the passenger flow if it does not function as projected and, although the new area has been designed to allow for the efficient processing of the required number of passengers, could adversely impact the amount of time that passengers spend in the commercial areas. A new baggage handling system is being installed at the Terminal by

the Owner prior to Project Substantial Completion. The installation, commissioning and initial operations of baggage handling systems are particularly prone to encountering problems, and any issues arising for the new baggage handling system at the Terminal may lead to passenger delays, flight cancellations and other changes to passenger dynamics. All of these factors could impact the Owner's ability to generate Gross Revenues at the Airport and the Company's ability to generate Concessions Revenue. In such case, the Owner may have no ability or a reduced ability to make Supplemental Payments to the Company and the Company may not have sufficient cash flow to make payments of principal or interest on the Bonds, thereby adversely impacting the Company's ability to pay debt service on the Bonds.

Unavailability of the train services between the Terminal and any of the Airport concourses may divert or reduce traffic from the Terminal or reduce the amount of time spent by the users in the Terminal, possibly materially and adversely affecting the Company's ability to generate Concessions Revenues.

The total or partial unavailability of the train service that connects the Terminal with the other concourses of the Airport may cause a diversion of, or reduction in passenger traffic at the Terminal. A suspension of the train service could likewise force users to spend less time in the Terminal due to the longer time periods required to arrive to the concourses. Additionally, the use of alternative routes or transport to arrive to the concourses could reduce or eliminate the passenger traffic in the Terminal. Such situations may affect the Concessions Revenue generated from the operation of the Concessions Program. Although the Development Agreement entitles the Company to compensation for suspension by the Owner of the train service or a failure to repair the train for an aggregate period of 160 hours per year (except in emergencies, operational disruptions caused by third party operators of such train services or scheduled shutdowns), such compensation may not be sufficient to cover the loss of the Company's potential Concessions Revenue due to the unavailability of the train service and in certain cases, such as emergencies, compensation may not be available to the Company under the Development Agreement. In such cases, the Company's ability to generate Concessions Revenue may be materially and adversely affected which in turn, may impact the Company's ability to satisfy its payment obligations under the Loan Agreement and thereby adversely affect payments of the principal or interest on the Bonds.

Expansion, changes or improvement of concession offerings in the Airport, including of non-competing concessions, may result in loss of Concessions Revenues by the Company for which it will not be compensated.

The Company could suffer loss of Concessions Revenues attributable to the Owner's planned changes, expansion or improvements of concession in the Airport. Although the Company may be entitled to compensation from the Owner in certain circumstances in respect of those circumstances where no such compensation is payable, the Company Commercial Revenue may be adversely impacted. Any such decrease in Concessions Revenue could adversely impact the Company's ability to pay debt service on the Bonds.

The opening and operation of non-competing commercial establishments by the Owner in the Terminal could potentially impact the Company Concessions Revenue. Passengers could choose to spend time in such non-competing concessions (for example in the gym) instead of visiting Concessions in the Terminal managed by the Company. If the Owner operates such non-competing concessions and these concessions divert traffic from the Concessions in the Terminal and decrease Company Concessions Revenue, the Company will not be entitled to compensation. Any such decrease in Concessions Revenue could adversely impact the Company's ability to pay principal or interest on the Bonds.

Pursuant to the terms of the Development Agreement, a material shortfall in actual Concessions Revenue collected by the Company that differs from the anticipated revenue forecast provided to the Owner by the Company from time to time, as regulated by the Development Agreement, could result in additional costs to the Company and in the potential implementation of policies detrimental for the Project and the Company, in each case, that could reduce the amounts available to the Company to repay the Bonds.

If actual Concessions Revenues collected by the Company are less than the revenues forecasted by the Company as part of the concessions development and management plan by more than 20% for a period of 12 consecutive months and such shortfall has been caused by actions, omissions, decisions or policies of the Company, under the Development Agreement, the Company may be required to incur, in certain circumstances, costs related to the remediation of such shortfall and to implement decisions or actions determined by a consultant selected for such

purposes. In such cases the Company could be required to implement policies, measures or decisions that could be detrimental to it or that could have the unintended consequence of further decreasing revenues and increasing costs. Costs to be incurred for such purposes may include the payment of consultant fees up to \$100,000 and implementation costs related to the required consultant actions. The shortfall of revenues and the required additional costs could reduce the revenues available to the Company to repay the Bonds.

Moneys available to the Owner at the junior lien level may be insufficient to make Supplemental Payments, Compensation Amounts or Termination Compensation to the Company in accordance with the Development Agreement. Since payments pursuant to the General Junior Lien Bond Ordinance are subordinated to the Owner's senior and subordinated debt and the Owner is entitled to incur additional senior and subordinated debt and other obligations, the Company may not receive, or may not receive the full amount of, the Supplemental Payments, Compensation Amounts or Termination Compensation (or other amount to which it is entitled) therefore adversely impacting the Company's ability to pay debt service on the Bonds.

The Owner has adopted the General Junior Lien Bond Ordinance and the Supplemental Junior Lien Bond Ordinance to secure the Supplemental Payments as special obligations of the Owner. Such payments are subordinated to payments by the Owner in respect of its existing senior debt and subordinated debt. Additionally, the Owner may incur additional senior and subordinate debt and other contractual obligations under its Bond Ordinance, under its General Subordinate Bond Ordinance or under its General Junior Lien Bond Ordinance, in the last case, payable *pari passu* with the Owner's obligations under the Development Agreement. The Owner has stated that it plans to access the credit markets in future years in order to, among other things, issue additional revenue bonds to finance portions of its current capital program or future capital programs. See Appendix G—"CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT." The Owner has an existing lien related to the Airport hotel and certain payments to be made by the Owner under the documents related to such hotel, which is on parity with the lien for payments by the Owner under the Development Agreement. In addition to such parity Junior Lien Obligations, in the event that the Gross Revenues of the Airport hotel are not sufficient in a particular month to pay such hotel's operating and maintenance expenses then due, amounts in the revenue fund of the Airport revenue fund not related to the Airport hotel are required to be applied to pay any such hotel expenses prior to the payment of debt service on any of the senior, subordinated or junior lien obligations of the Airport. The remaining funds available to the Owner may not be sufficient to comply with its payment obligations under the Development Agreement.

The payment of Progress Payments by the Owner are not Junior Lien Obligations of the Owner and are not contractually secured by a pledge from the Owner. The Owner is not contractually obligated to pay Progress Payments other than from the Airport System Fund as set forth in the Development Agreement. The Company expects that such amounts will be paid by the Owner from the Owner's capital fund which amounts are paid following payment of all operations and maintenance expenses of the Airport as well as its senior, subordinated and junior lien obligations. There is no obligation for the Owner to pay such amounts from the capital fund or not to use such funds in such account for other purposes and the funds available to the Owner from such fund or other sources for financial reasons or due to prior pledges of the Gross Revenues may not be sufficient to comply with its payment obligations under the Development Agreement. Failure by the Owner to timely pay one or more of the Progress Payments could adversely affect the Company's ability to pay the cost of construction for the Project.

The payment by the Owner of Compensation Amounts or Termination Payments are not Junior Lien Obligations of the Owner and are not contractually secured by a pledge from the Owner. The Owner is not contractually obligated to pay Compensation Amounts or Termination Payments other than from the Airport System Fund as set forth in the Development Agreement. Failure by the Owner to timely pay one or more of the Compensation Amounts or Termination Payments could adversely affect the Company's ability to make payments for the Bonds or fund its operations.

Additionally, foreclosure and/or enforcement actions against the Owner at the senior or subordinate level, or the occurrence of an acceleration event under its senior or subordinate obligations may limit the ability of the Owner to make payments to the Company. If any of the foregoing occurs, the Company may not receive, or may not receive the full amount of the Supplemental Payments, Compensation Amounts or Termination Compensation, therefore adversely impacting the Company's ability to pay the principal or Redemption Price of or interest on the Bonds. In particular, the Owner has completed the restructuring of multiple series of its senior bonds bearing interest at variable rates. The restructuring consisted of extending the maturities and changing or establishing mandatory sinking fund

redemption for such series of senior bonds, which were purchased by certain financial institutions pursuant to reimbursement agreements entered into with the Owner. An event of default under such reimbursement agreements could result in an event of default under the Bond Ordinance and the consent of the owners of no less than 10% in the principal amount of the senior bonds could accelerate payment of such bonds. Such senior bonds would be payable before the Supplemental Payments to the Company under the General Junior Lien Bond Ordinance. Additionally, the Owner has entered into interest rate swap agreements with various financial institutions. The occurrence of certain events could give the other party to the swap agreement the ability to cause a termination thereof. The amount due in connection with any such termination could be owed by the Owner and could be substantial. In such case, such termination obligations would also be payable before the Supplemental Payments to the Company under the General Junior Lien Bond Ordinance. If any of the foregoing occurs, the Company may not receive, or may not receive the full amount of, the Supplemental Payments.

Risks Relating to Construction of the Project

A delay in the construction of the Project may cause a delay, in certain circumstances, in the receipt of the Supplemental Payments and Company Concessions Revenue, as applicable, thereby adversely impacting the Company's ability to pay debt service on the Bonds.

Pursuant to the terms and conditions of the Development Agreement, the Company is obligated to complete construction of the Project in accordance with certain Project milestones and deadlines. Pursuant to the terms and conditions of the Design and Construction Contract, the Contractor has agreed to comply with such deadlines as they relate to the D&C Contractor Work. See Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE DESIGN AND CONSTRUCTION CONTRACT” for a further description of the applicable construction deadlines, as well as a description of the obligations of the Contractor.

The Project is a significant design and construction endeavor, with multiple milestones and a schedule that contemplates completion in phases. Achieving Functional Area Readiness in accordance with the deadlines therefor as set forth in the Development Agreement will require construction coordination between the Contractor under the Design and Construction Contract, subcontractors and the Concessionaires who will receive the spaces constructed by the Contractor and then perform their own work. All of this must be coordinated so as to have the Concessions available as of the Functional Area Readiness Deadlines set forth in the Development Agreement. This is especially true for the last Functional Area Readiness Deadline under the Development Agreement, due to the high volume of Concessions opening for operation as of such deadline as compared to the earlier Functional Area Readiness Deadlines. Failure to meet any of the construction milestones, including such deadlines, may result in (i) a loss or reduction in the amount of Progress Payments, (ii) a delay in when the Project Substantial Completion occurs, thereby delaying when Supplemental Payments begin to be paid and (iii) a delay or reduction, as compared to forecasts, in the collection of Concessions Revenues due to delayed Functional Area Readiness Deadlines or otherwise, in each case, potentially adversely impacting the Company's ability to pay debt service on the Bonds.

If the Contractor does not meet the construction deadlines and completion milestones in the Design and Construction Contract, and if the Company is not able to obtain relief under the Development Agreement, the Company may be in breach of its obligations under the Development Agreement which may trigger the Owner's termination rights thereunder or other remedial rights. Additionally, the Contractor could fail to compensate the Company in accordance with the Design and Construction Contract or the Contractor's Guarantor Ferrovial US Construction Corp., could fail to honor its payment obligations under the guarantee securing the obligations of the Contractor, which, in either case, may result in a delay in the Company's ability to collect the same or otherwise prevent the recovery of any such amounts and result in an inability of the Company to make payments under the Loan Agreement. See “RISK FACTORS—Risks Relating to the Bonds—*The rights and remedies available to Bondholders, the Issuer and the Company may be limited by bankruptcy and other limitations on the enforceability of such rights and remedies.*” Furthermore, any delay in the completion of the Project could shorten the length of the operating period for the Project and/or result in a significant decrease in the Concessions Revenues and Supplemental Payments expected to be received by the Company from the operation and maintenance of the Project as a result of the commencement of operations on a date later than originally expected (and thus foregoing certain revenues), further limiting its ability to comply with its payment obligations under the Loan Agreement.

Certain defaults by the Company under the Design and Construction Contract could result in an early termination of the Design and Construction Contract by the Contractor. An early termination of the Design and Construction Contract for a Company default could adversely affect the Company's cash flow and ability to meet its obligations under the Development Agreement and under the Loan Agreement.

The Contractor has termination rights for certain prolonged suspension events and termination rights in case the Company fails to make payment of an undisputed amount under the Design and Construction Contract for more than 90 days following the due date. Any termination of the Design and Construction Contract may adversely affect the Company's cash flow, its ability to comply with the Development Agreement and its ability to comply with its payment obligations under the Loan Agreement and, in turn, the payments of principal of, or interest or premium, if any, on the Bonds. Additionally, the failure to comply with the terms of the Development Agreement may result in the Owner having the right to terminate the Development Agreement. See "*RISK FACTORS— Other Risks Relating to the Project and the Development Agreement—The Company's failure to comply with the terms and conditions of the Development Agreement may result in the early termination of the Development Agreement which would limit the Company's ability to make its payments pursuant to the Loan Agreement and, in turn, adversely affect the repayment of the Bonds.*" To the extent that any of the foregoing occurs, the Company may have a limited ability, or no ability, to continue making payments pursuant to the Loan Agreement, thereby adversely affecting payment of principal or interest on the Bonds.

The construction of the Project will entail significant cooperation and coordination with other ongoing Owner projects and federal agencies over which the Company has no control.

Delays in the achievement of Functional Area Readiness, Project Substantial Completion and other relevant project milestones or deadlines are also possible given the complexity of the Project (including the phasing thereof) and the scope of the other activities that are expected to take place at the Airport during the same time period. These additional activities include commissioning and testing of a number of systems, Adjacent Projects, the construction of the new TSA screening area on level 6 and the Level 5.5 Project (this is a project to provide a baggage handling system between the ticket counters on level 6 of the Terminal and the screening systems in each Terminal module on levels 3 and 4 to enable security screening to be relocated to level 6). A lack of sufficient and effective coordination among the Company, the Contractor, the Owner, the Concessionaires and other relevant third-parties (including, in particular, contractors involved in the Adjacent Projects, the Level 5.5 Project and the TSA screening area) or the failure of any such party to comply with its obligations with respect to such coordination or to complete its work (or necessary inspections or governmental approvals) in a timely fashion could also result in such delays.

In particular, there are certain milestones and events not within the control of the Company and dependent solely on third parties or the Owner, the occurrence of which are necessary for the Company to complete or commence its work and be able to comply with certain milestones for the Project. Namely, the completion of the Level 5.5 Project by the Owner is necessary in order to enable the Company to carry out certain of its construction obligations and to comply with certain milestones under the Development Agreement. A failure by the Owner to complete the Level 5.5 Project by a certain scheduled date could result in delays for the Company. Although the Company will be entitled to compensation and schedule relief for such failure by the Owner to complete the Level 5.5 Project, the Owner could fail to compensate the Company which would result in a delay in the Company's ability to collect such amounts and Concessions Revenues or could prevent the recovery of any such amounts or the compensation payable may not be sufficient.

Furthermore, the timely compliance of the Company's obligations is subject to the Owner's timely compliance with its obligation to handback the TSA screening area in accordance with the Development Agreement. In particular, the Owner is required to handback the TSA screening area to the Company by a scheduled date in order to allow the Company to carry out certain of its construction obligations under the Development Agreement. The Company is entitled to compensation and schedule relief for a failure by the Owner to handback the TSA screening area within the required time under the Development Agreement, however, the Owner could fail to compensate the Company which would result in a delay in the Company's ability to collect such amounts and Concessions Revenues or could prevent the recovery of any such amounts.

To the extent that any of the foregoing occurs, the Company may have a limited ability, or no ability, to make payments pursuant to the Loan Agreement, which in turn, may adversely affect payments of the principal or interest on the Bonds.

A lack of liquid security for the Company under the Design and Construction Contract may adversely impact the ability of the Owner to comply with its payment obligations on the Bonds in case of a failure by the Contractor to make payments due to the Company under the Design and Construction Contract.

Often either retainage or a letter of credit will be provided as liquid security for the benefit of the Company and the Collateral Agent; however, the Design and Construction Contract does not include any provision for such forms of liquid security. A lack of liquid security may limit the Company's access to prompt payment in the event that the Contractor fails to make a liquidated damages or other payment due under the Design and Construction Contract. To the extent that the foregoing occurs, the Company may have a limited ability, or no ability, to make payments pursuant to the Loan Agreement, which in turn, may adversely affect payments of the principal or interest on the Bonds.

Risks Relating to Operation and Maintenance of the Project and Capital Expenditures

Increasing operating and/or maintenance costs may adversely impact the Company's results of operations, thereby adversely impacting the Company's ability to pay debt service on the Bonds.

The Operations and Maintenance Expenses and Major Maintenance Costs for the Project, including payment of applicable taxes, will be paid before any other expenses of the Project, including payments with respect to the Bonds. If the actual Operations and Maintenance Expenses and Major Maintenance Costs (or applicable taxes) significantly exceed the costs (or taxes) projected and if the Company is unable to implement measures to increase its revenues to offset such costs due to, among other factors, market conditions and/or contractual limitations in the Development Agreement, the Company may not have sufficient cash flow to make payments of principal or interest on the Bonds, thereby adversely impacting the Company's ability to pay debt service on the Bonds.

Required Capital Expenditures under the terms of the Development Agreement are also paid before the payment of principal and interest with respect to the Bonds (to the extent that funds are not available for such purpose in the Major Maintenance Reserve Account), and no independent verification from the Lenders' Technical Advisor is required to determine that such Required Capital Expenditures are required under the Development Agreement.

Changes in the laws related to the Project may impact the Company's ability to satisfy its payment obligations under the Loan Agreement, thereby adversely affecting the repayment of the Bonds.

The Project and the related financing are subject to various laws, policies and regulations, including, among others, laws governing security protections and tax policies. The Project and the Company's business, financial condition and results of operations may be adversely affected by changes in such laws, policies or regulations. Under the Development Agreement, only (i) discriminatory changes in law, or (ii) changes in law that require additional capital expenditures in excess of \$10,000 in order to comply (but exclude any change that does not require capital expenditures, repair, reconstruction, rehabilitation, restoration, renewal or replacement in excess of what would have been required as part of the Company's obligation to perform renewal work) are Compensation Events. To the extent that the Company must expend additional, unbudgeted funds in order to be in compliance with any new or amended policies, regulations or laws, including through obtaining additional governmental approvals, and assuming that no or insufficient compensation is provided pursuant to the terms and conditions of the Development Agreement in connection with such additional expenditures, such unanticipated expenditures could adversely affect the Company's cash flow and thus its ability to satisfy its payment obligations under the Loan Agreement. Furthermore, under the Development Agreement, a change in law that is materially inconsistent with the laws in effect on the Effective Date (but is not otherwise of the type that would require compensation from the Owner) qualifies as a Delay Event, but any relief granted under the Development Agreement would not be monetary in nature but would provide only scheduled relief. In addition, the amount of schedule relief provided may not be sufficient, from a schedule perspective, to provide the Company or any other parties that are part of the Project the additional time necessary to ensure compliance with any new or amended policies, regulations or laws. As a result, the Company may suffer a delay in the

commencement of Concessions Revenue generation or receipt of Supplemental Payments from the operation of the Project and have less revenue for servicing its debt obligations or otherwise be adversely affected. Further, such a delay, unless excused under the Development Agreement, may result in a breach of the Company's obligations under the Development Agreement, which could give rise to the assessment of liquidated damages against the Company and, potentially, a right of the Owner to terminate the Development Agreement. To the extent that any of the foregoing occurs, the Company may have a limited ability, or no ability, to continue making payments pursuant to the Loan Agreement, thereby adversely affecting payment of principal or interest on the Bonds.

The operation and maintenance of the Project and the Concessions Program involves risks that may adversely affect the Company's ability to repay the loan under the Loan Agreement and may cause the Company to be in violation of its obligations under the Development Agreement, in each case adversely affecting the repayment of the Bonds.

The operation and maintenance of the Project involves various financial and operational risks. The quality of the operation and maintenance of the Project, as well as events outside of the Company's control, could significantly increase the expense of operating and maintaining the Project, causing such expenses to exceed the amounts projected by the Company. Increases in expenses may decrease the Company's operating margins, such that the Company may not be able to make payments required pursuant to the Loan Agreement, which would adversely affect repayment of the Bonds. In addition, any such events may cause the Company to be in violation of its obligations under the Development Agreement and, to the extent not otherwise cured or resolved, could result in a termination of the Development Agreement under certain circumstances, thus eliminating the source of repayment for the Bonds.

Failure by the Company to provide operation and maintenance services in line with certain performance standards entitles the Owner to make deductions from Concessions Revenue and Supplemental Payments. Performance deductions are made first from the Company Concessions Revenue and second from the monthly Supplemental Payments, provided that no such deduction is to be made in a month until the aggregate amount of such deduction equals or exceeds \$50,000 dollars for such month, after which the full amount of the deductions is to be assessed. Depending upon the amount of any such deductions or set-off, such deductions may exceed the relevant Company Concessions Revenue and Supplemental Payments. Therefore, it is possible that the net amount payable in respect of Supplemental Payments and the Company Concessions Revenue would be insufficient to permit the Company to make required payments under the Loan Agreement and therefore pay debt service on the Bonds, especially during the first few years of its performance of operation and maintenance services for the Project when deductions may, according to the Technical Advisor Report, be most likely to occur. Any such reduction in revenues received from the Owner would reduce the amount available to pay expenses and adversely impact the Company's ability to make payments pursuant to the Loan Agreement, which in turn, may adversely affect payments of the principal or interest on the Bonds.

The Company expects to implement and manage the Concessions Program in the Terminal and expects to receive Company Commercial Revenues therefrom, including from monthly fees paid by the Concessionaires to the Company as consideration for concession rights for each Concession and the operation thereof. Unemployment levels in the Denver area are currently low and this could present a challenge to the Concessionaires when staffing their Concessions. This could result in a lack of interest from potential Concessionaires to enter into concession agreements with the Company and the existence of unexpected vacancies in the Concessions Spaces. The foregoing could adversely affect the Company's receipt of Company Commercial Revenues and, therefore, its ability to make payments pursuant to the Loan Agreement, which in turn, may adversely affect the payment of principal or interest on the Bonds.

Other Risks Relating to the Project and the Development Agreement

The Company may be adversely affected by certain governmental policies of the City and County of Denver, which may negatively affect the Company's ability to satisfy its payment obligations under the Loan Agreement and, therefore, adversely affect the repayment of the Bonds.

Although the Company's rights and responsibilities with respect to the Owner are established in the Development Agreement, the City and County of Denver (including the Owner) could implement various governmental policies that may adversely affect the operation of the Project. Under the Development Agreement, the

Company is entitled to receive compensation or schedule relief for such governmental policies only in certain limited scenarios, such as the occurrence of a discriminatory change in law, and the amount of such compensation or schedule relief, if available, may be insufficient to fully offset such governmental policies. If no or insufficient compensation or schedule relief is available, such implementation of governmental policies may adversely affect the Company's results of operations and, therefore, its ability to make payments pursuant to the Loan Agreement, which in turn, may adversely affect the payment of principal or interest on the Bonds.

A failure by the Company, the Contractor or the Concessionaires to obtain or comply with certain governmental approvals or any challenge to any existing approval may adversely affect the Company's ability to satisfy its payment obligations under the Loan Agreement and therefore, adversely affect the repayment of the Bonds.

Pursuant to the Development Agreement, the Company is responsible for obtaining, furnishing, paying the cost of and maintaining in full force and effect all governmental approvals required for the construction and operation of the Project, other than those governmental approvals obtained or to be obtained by the Owner. With respect to the design and construction work for the Project, such responsibility has been assumed by the Contractor, except for certain governmental approvals required to be obtained by Concessionaires in order to furnish and construct their Concessions Spaces and operate Concessions at the Terminal. Likewise, the Concessionaires (or their contractors) are responsible for obtaining all governmental approvals required to construct and furnish their Concessions Spaces and to carry out commercial activities at the Terminal. No assurance can be given that either the Company, the Contractor or the Concessionaires will be able to obtain and maintain the applicable governmental approvals. A failure by the Company, the Contractor or the Concessionaires to obtain and maintain any necessary or required governmental approvals could prevent or delay commencement of the operation and maintenance of the Project, could delay or reduce Supplemental Payments, could reduce Concessions Revenue received by the Company, could impose additional costs on the Company and/or could provide the Owner with the right to terminate the Development Agreement, all of which could adversely affect the Company's ability to make payments pursuant to the Loan Agreement, thereby adversely affecting the payment of principal or interest on the Bonds. See "RISK FACTORS—Other Risks Relating to the Project and the Development Agreement—*The Company's failure to comply with the terms and conditions of the Development Agreement may result in the early termination of the Development Agreement which would limit the Company's ability to make its payments pursuant to the Loan Agreement and, in turn, adversely affect the repayment of the Bonds*" herein.

In particular, the Company is required to obtain approval from the TSA for the design and construction of the TSA screening area and associated support spaces, approvals from the FAA with respect to each 7460 permit and approval by the building official for the Project of the Issued for Construction package or amendments thereto in connection with the modifications to the Building Code, in each case, within a deadline established in the Development Agreement. The Contractor has assumed all obligations related to the TSA screening area and the governmental approvals associated therewith, as well as responsibility for the approvals from the FAA and the building official under the Design and Construction Contract. A failure by the Contractor to obtain any such governmental approvals within the scheduled time could result in delays and/or could provide the Owner with the right to terminate the Development Agreement all of which could adversely affect the Company's ability to make payments pursuant to the Loan Agreement, thereby adversely affecting the payment of principal or interest on the Bonds. A delay in the delivery of the TSA screening area to the Owner due to the failure to obtain the necessary governmental approvals within the required time, would entitle the Owner to the payment of certain costs and, although under the Design and Construction Contract the Company would be entitled to recover from the Contractor any costs paid by the Company to the Owner for such failure to deliver the TSA screening area, such failure could result in delays in the commencement of the operation and maintenance of the Project. Likewise, under the Development Agreement the Company is required to comply with the terms of the Formal DBC Administrative Modification which sets forth certain additional actions that the Company is required to carry out to obtain certain approvals. Failure by the Company to obtain such approvals could result in delays in the commencement of the construction work for the Project, and therefore in the commencement of the operation and maintenance of the Project and the receipt of Supplemental Payments by the Company.

In addition, any successful challenges to any existing or subsequently obtained governmental approvals could also adversely affect the Company's ability to make payments pursuant to the Loan Agreement, thereby adversely affecting the payment of principal or interest on the Bonds.

The Company may be adversely affected by presently unidentified environmental matters that could give rise to potential liability in the future.

The Company's operations will be subject to various environmental laws and regulations, including, without limitation, those relating to the discharge of pollutants, the treatment, transport, storage and disposal of solid and hazardous wastes, and the remediation of soil and groundwater contamination, and the Company is responsible for complying with and paying the cost of compliance with all environmental laws applicable to the Project. Notwithstanding the protections afforded to the Company under the Development Agreement in respect of some of these matters, the past use of hazardous materials by the Owner, new releases of hazardous substances, or more stringent future environmental requirements (or stricter enforcement of existing requirements) could result in expenditures or liabilities which could have an adverse effect on the business or financial condition of the Company, thereby adversely affecting the ability of the Company to satisfy its payment obligations under the Loan Agreement and, in turn, the payment of principal or interest on the Bonds.

The Company may be adversely affected by the issuance of safety compliance orders by the Owner that could reduce Concessions Revenues collected and increase costs of operating the Project.

Pursuant to the Development Agreement, the Company is required to proceed at its sole cost and expense with the necessary environmental, design and construction work upon the Owner's issuance of a safety compliance order, a directive or written order to undertake certain actions to correct safety conditions or conform to safety standards if the Company is not otherwise complying with safety standards as determined by the Owner. Such order could have an adverse effect on the business or financial condition of the Company due to increased costs of implementation or may disrupt the collection of Concessions Revenues thereby reducing the source of funds for the repayment of the Bonds which would adversely impact the Company's ability to service its debt obligations.

The Project may be subject to a judicial challenge.

The Project is to be designed, constructed, financed and operated in accordance with the Development Agreement and the other Principal Project Contracts, including in compliance with certain governmental approvals. Proceedings could be filed or commenced in the future, including by the airlines, challenging the construction or financing of the Project, the operating and maintenance of the Project, the granting of any permits and approvals required in connection therewith or any of the other transactions contemplated by this Official Statement, including the issuance of the Bonds. Any future proceedings could involve lengthy and costly litigation that could adversely affect the commencement or timely completion of the construction of the Project, or the ability of the Company to satisfy its payment obligations under the Loan Agreement, thereby adversely affecting the payment of principal or interest on the Bonds.

The Company's failure to comply with the terms and conditions of the Development Agreement may result in the early termination of the Development Agreement which would limit the Company's ability to make its payments pursuant to the Loan Agreement and, in turn, adversely affect the repayment of the Bonds.

The Company's principal asset is the legal right that it has pursuant to the Development Agreement to, among other things, design, develop, construct, finance and maintain the Project until the 34th anniversary of the Financial Close Date. In the event of certain material and continuing defaults by the Company in the performance of its obligations in accordance with the terms of the Development Agreement and subject to the relevant prior cure and step-in rights available to the Lenders, the Owner is entitled to terminate the Development Agreement. In the event of a termination of the Development Agreement, the amount of the Termination Compensation payable by the Owner to the Company may likely be insufficient to repay 100% of the then outstanding Secured Obligations, including the Bonds. For additional detail regarding the cure periods and step-in rights available to the Lenders with respect to a termination of the Development Agreement see "SECURITY FOR THE BONDS—Direct Agreements—Lender's Direct Agreement" and "RISK FACTORS—Risk Relating to the Bonds—It may be difficult to realize the value of the Collateral, and the proceeds received from a sale of the Collateral may be insufficient to repay the Bonds."

In addition, the Company is subject to a noncompliance points regime, in which a persistent breach, a persistent noncompliance under the Development Agreement may permit the Owner under certain circumstances, after the expiration of appropriate cure periods, to terminate the Development Agreement. See "THE PRINCIPAL

PROJECT AGREEMENTS—The Development Agreement—*Termination for Company Default*” and Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Termination—*Termination for Company Default*” for further details on the calculation of termination amounts. In the event of a termination of the Development Agreement, the Owner would not be obligated to assume the Company’s financing obligations or to pay any obligation of the Company (including its obligations for the repayment of the Bonds), whether or not secured by the Company’s assets, and the amount of the Termination Compensation payable by the Owner to the Company may likely be insufficient to repay 100% of the then-outstanding Secured Obligations, including the Bonds.

In the event of certain early termination scenarios, the Termination Compensation to be provided by the Owner may be insufficient to fully repay the Company’s payment obligations under the Loan Agreement, thus adversely affecting the repayment of the Bonds.

In the case of a termination resulting from a Company Event of Default (i) prior to the Project Substantial Completion Date, the Company will receive as Termination Compensation from the Owner the amount that is equal to the lesser of (a) the D&C Work Value (being an amount equal to the D&C Contract Amount minus the cost to complete and minus the amount of any Progress Payments and certain other amounts paid to Company prior to the Early Termination Date), plus the lesser of, (1) the amount of operation and maintenance costs scheduled in the financial model for the Project to be incurred by the Company through the Early Termination Date and (2) the actual amount of operation and maintenance costs actually incurred; and (b) the net Lenders’ Liabilities, and (ii) if termination occurs on or after the Project Substantial Completion Date, the Company will receive compensation equal to: (a) 80% of Lenders’ Liabilities; minus certain deductions. The applicable deductions may include, among other things, account balances, maintenance rectification costs, deferred equity amounts and insurance proceeds. In either case, the applicable amount of Termination Compensation received by the Company in the event of a Company Event of Default may likely be insufficient to meet its obligations under the Loan Agreement, thus adversely affecting the payment of principal of or interest on the Bonds. See Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Termination—*Termination for Owner Default*.”

The Supplemental Payments may be Subject to Inflation Risk.

The Supplemental Payments are the Company’s primary source of revenue from which it expects to pay expenses and financial obligations, including its obligations to repay the Bonds. The Supplemental Payments are expected to be paid to the Company by the Owner on a monthly basis in the amounts set forth in the Development Agreement. Certain components of the Supplemental Payments are subject to indexation pursuant to the formulations set forth in the Development Agreement. Such formulations are intended to only partially account for inflation. There can be no guarantee that this accounting for inflation combined with other assumptions made by the Company in respect of inflation will appropriately match the fixed and variable costs of the Company over the course of the operation and maintenance of the Project. To the extent the Company’s variable costs grow more than the assumed inflation, or the cost structure is not adequately accounted for, there may be insufficient funds available to the Company to repay the Bonds. See Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Payments to Company—*Supplemental Payments*.”

If the Company fails to provide adequate and timely notice to the Owner of the occurrence of a Relief Event, then the Company may lose the ability to claim lost revenue or other relief in relation thereto which may result in a breach or default under the Development Agreement or may adversely impact the Company’s ability to pay debt service on the Bonds.

Under the terms of the Development Agreement, the Owner is obligated to grant the Company certain relief in the event that a Relief Event occurs, including time relief and, in relation to Compensation Events, lost or, if applicable revenue relief. However, under the terms of the Development Agreement, if the Company fails to give the required notice and any other required information to the Owner within certain prescribed timeframes, then the Company may lose the right to make any claim with respect to the Relief Event. See Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Relief Event Claims.” Any such failure may adversely impact the financial condition of the Company and its ability to meet its obligations under the Principal Project Contracts.

Natural and catastrophic events as well as similar conditions may damage the Terminal or the Airport and otherwise reduce revenue that is available to the Airport to make its Supplemental Payments and other payments potentially due under the Development Agreement or revenue generation from the Concessions.

A natural disaster, severe weather or any other event that damages the Terminal or the Airport or any part thereof could have a material adverse effect on the Terminal and/or the Airport and significantly reduce the Gross Revenues generated by the operation of the Airport for the Owner or the Concessions for both the Owner and the Company or significantly increase the expense of maintaining or restoring the Terminal. Lightning strikes, earthquakes, tornados, hurricanes, extreme winds, severe storms, wildfires and other unfavorable weather conditions or natural disasters could damage, require the shutdown of, or decrease the use of, all or parts of the Terminal or the Airport overall, impeding the Company's and the Owner's ability to maintain and operate the Terminal and decreasing revenues that may be payable to either or both parties. Severe flooding could make the Terminal and/or the Airport inaccessible for maintenance and disrupt the Company's and the Owner's operations. In addition, catastrophic events such as explosions, terrorist acts or other similar occurrences could result in similar consequences or in personal injury, loss of life, environmental danger or severe damage to or destruction of the Terminal or the Airport or suspension of operations, in each case, potentially decreasing revenues to the Owner and the Company. Additionally, such natural and catastrophic events could have a material adverse effect on the volume of flight arrival and departures in the Airport, and therefore on the volume of passenger traffic at the Terminal. Such events could require the shutdown of, or decrease the use of, all or parts of the Airport and the Terminal, which could in turn reduce or eliminate the passenger traffic at the Terminal, potentially decreasing or eliminating Gross Revenues generated by the Owner from the Airport or Company Concessions Revenue or the operation of Concessions. If certain prescribed force majeure events occur and continue for a prescribed period of time, the Owner or the Company may elect to terminate the Development Agreement in accordance with the terms set forth therein. To the extent not fully covered by insurance or any amounts that may be payable under the Development Agreement, such event could materially and adversely affect the financial position of the Owner and therefore adversely affect the ability of the Owner to make timely Supplemental Payments or other payments due to the Company under the Development Agreement and/or could decrease the level of Concessions Revenues earned by the Company from the Concessions in each case thereby materially and adversely impacting the Company's ability to repay its obligations under the Loan Agreement, and therefore, the payment of principal or interest on the Bonds.

Risks Relating to the Bonds

It may be difficult to realize the value of the Collateral, and the proceeds received from a sale of the Collateral may be insufficient to repay the Bonds.

Foreclosure on the Collateral on the Bondholders' or other Senior Creditors' behalf may be subject to perfection and priority issues, the need for third party approvals and consents (for example, in relation to an enforcement of rights under the direct agreements as referred to in the following paragraph) and to practical problems associated with the realization of the security interest in the Collateral. The enforcement of the security interest with respect to the Collateral may not provide sufficient funds to repay all amounts due on the Bonds. The Collateral may be shared with the holders of other senior debt permitted under the Financing Documents that the Company incurs in the future. This sharing of collateral increases the risk that the proceeds from a foreclosure on the Collateral will not be sufficient to repay the Bonds. See "RISK FACTORS—Risk Relating to the Bonds—*The Company will be permitted, in certain circumstances, to incur additional senior debt, which may adversely affect the repayment of the Bonds*" herein for a discussion regarding the potential sharing of the Collateral.

In addition, the Company's principal asset is its rights under the Development Agreement, the Design and Construction Contract and the design and construction guaranty, and there are practical limitations on the exercise of remedies in respect thereof, including through the exercise of the rights and remedies available under the DA Direct Agreement. In respect of a transfer of the Company's rights in the Development Agreement pursuant to the terms of the DA Direct Agreement, including pursuant to a foreclosure, such transfer is subject to the prior approval of the Owner and also subject to certain cure periods following which the Owner may be entitled to terminate the Development Agreement. Moreover, any transferee must meet certain requirements established by the Development Agreement and the DA Direct Agreement including having available to it appropriate qualifications, technical competence and resources (including financial resources) to perform the obligations of the Company under the Development Agreement and have no potential conflicts of interest. See "SECURITY FOR THE BONDS—Direct

Agreement—*Lender's Direct Agreement*.” In respect of the design and construction guaranty, any transfer of the Company's rights thereunder is subject the transferee assuming the obligations of Company under the Design and Construction Contract, having the financial capability to perform such obligations and having been approved as a substitute by the Owner under the DA Direct Agreement, as set out in the design build guarantor direct agreement. Thus, as a practical matter, the Company's creditors (including the Bondholders) will have limitations on their ability to replace the Company as the concessionaire under the Development Agreement, the Company as developer under the Design and Construction Contract and the Company as the beneficiary under the design and construction guaranty. Finally, no assurance can be provided that upon the occurrence of any shortfall from the Contractor, the design build guarantor will have sufficient financial resources available to cover the full amount of the shortfall. See “THE PRINCIPAL PROJECT AGREEMENTS—The Development Agreement” and “THE PRINCIPAL PROJECT AGREEMENTS—The Design and Construction Contract.”

The rights and remedies available to Bondholders, the Issuer and the Company may be limited by bankruptcy and other limitations on the enforceability of such rights and remedies.

The enforceability of the rights and remedies of the Bondholders pursuant to the terms and conditions of the Bonds and the Indenture, of the Secured Parties under the terms and conditions of the Security Documents, and of the Company pursuant to the terms and conditions of the Development Agreement and the other Principal Project Contracts, in each case, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights currently existing or that may be enacted in the future. If the Issuer, the Owner or another counterparty were to commence or be forced into bankruptcy or similar proceedings, a bankruptcy or similar court could determine that the Issuer, the Owner or such other party, as applicable, is no longer required to perform its obligations pursuant to the Indenture or the applicable Principal Project Contract, as applicable, or the court could reject such agreements themselves, thereby depriving the Bondholders or the Company, as applicable, of its rights thereunder, including the rights and remedies available to the Bondholders pursuant to the Indenture and the right of the Company to operate the Project and collect Supplemental Payments and Concessions Revenues.

If the Company becomes the subject of a federal bankruptcy proceeding, the operation of the automatic stay provisions of the applicable U.S. federal insolvency laws may, under certain circumstances, require the Company, the Trustee and the Collateral Agent, as applicable, to obtain bankruptcy court approval prior to taking any action to enforce their respective rights and remedies under the Development Agreement, the Loan Agreement, the Collateral Agency Agreement or any other Financing Document, including declaring the Owner to be in default under the Development Agreement, recovering amounts due but unpaid from the Owner, terminating the Development Agreement, accelerating the due dates of any payments due from the Company under the Loan Agreement, evicting the Company and taking possession of the Project or realizing against any Collateral provided by the Company under the Security Documents. In addition, the commencement of a bankruptcy or similar proceeding seeking the Company's liquidation, a reorganization or similar relief, or the Company's admission that it is unable to pay its debts, each constitutes a termination event under the Development Agreement. Additionally, under federal bankruptcy law, there is a risk that post-petition revenues may not be subject to the Secured Creditor's pre-petition security interest. Any such judicial discretion, interpretations or limitations may cause a delay in the enforcement proceedings or may limit or modify the rights and remedies available to the Bondholders and/or the Company.

Under current Colorado law, the Owner cannot file for bankruptcy protection under Chapter 9 of the United States bankruptcy code. There can be no assurance, however, that the bankruptcy code or Colorado law will not be amended in the future to permit the Owner to file for bankruptcy protection, and such a filing could, under certain circumstances, subject all or a portion of the Owner's revenues or assets to the jurisdiction of a bankruptcy court and could impact the Owner's performance under the Principal Project Contracts as described above.

In the case of counterparties organized under the laws of a foreign jurisdiction, any bankruptcy or insolvency proceedings or proceedings to enforce such parties' obligations under the Initial Project Financing Agreements to which they are a party could be initiated in Spain and other applicable jurisdictions. Such multi-jurisdictional proceedings are typically complex and costly for creditors, may involve the application of laws which differ in materially adverse respects from applicable state and federal laws in the United States and often result in substantial uncertainty and delay in the enforcement of creditors' rights. Moreover, any judgment obtained in the United States against such counterparties may not be collectible in the United States.

The ratings of the Bonds may be lowered or withdrawn depending on various factors, including the ratings agencies' assessments of the Company's financial strength.

Two credit rating agencies have assigned preliminary credit ratings to the Bonds. The ratings of the Bonds are not a recommendation to purchase, hold or sell the Bonds, and the ratings do not comment on the market price or suitability of the Bonds for a particular investor. The ratings of the Bonds may not remain for any given period of time and may be lowered or withdrawn depending on, among other things, each rating agency's assessment of the Company's financial strength and changes in each rating agency's methodology in assigning a credit rating to the Bonds. The Company is not required to maintain a specified rating in respect of the Bonds.

There may not be an active liquid market in which Bondholders will be able to sell their Bonds.

Prior to this offering of the Bonds, there has been no market for the Bonds. The Company cannot assure potential investors that an active market for the Bonds will develop. Even if a market for the Bonds does develop, depending on prevailing interest rates and market conditions generally, the Bonds could trade at a discount from their initial offering price. Bondholders may not be able to sell their Bonds in the future or such sale may not be at a price equal to or greater than the initial offering price of the Bonds. As a result, Bondholders may not be able to liquidate their investment quickly or to liquidate it at an attractive price or at all.

The Company will be permitted, in certain circumstances, to incur additional senior debt, which may adversely affect the repayment of the Bonds.

Payments with respect to the Bonds are contingent upon the Company making loan payments to the Issuer pursuant to the Loan Agreement. The Loan Agreement permits the Company to incur, in specific circumstances and provided that any applicable financial covenants are satisfied, certain additional senior debt for certain purposes. See "FINANCING FOR THE PROJECT—Senior Debt—Loan Agreement—Special Covenants of the Company—Additional Senior Obligations" for a description of the applicable circumstances and conditions related to such incurrence of additional senior debt. The incurrence of certain Additional Senior Obligations is conditional on the Company satisfying certain forward looking debt service coverage ratios and there is no obligation under the Loan Agreement that the future revenue projections (including the Company Commercial Revenues) used in such projections are approved by the Project Consultant or any other third party. Additional Senior Obligations may be incurred for the purpose of making distributions to Equity Participants, so long as such indebtedness is rated investment grade by at least one NRSRO and the Company meets certain rate covenants. Any Additional Senior Obligations incurred would be payable from the Company's revenues on a *pari passu* basis with the Bonds and would also share on an equal basis in the Collateral, including certain Termination Compensation payable by the Owner pursuant to the Development Agreement following a termination thereof. In addition, the Company is permitted to incur additional senior indebtedness that bears interest at a variable rate. The Company is not required to hedge variable rate risk in which case there is no assurance that the interest rate on such senior indebtedness will not vary significantly. To the extent the Company does hedge such senior debt and such hedges are terminated, the Company may incur hedging-related termination obligations. Therefore, to the extent that the Company's revenues are insufficient to make payments on all of the Company's outstanding senior debt, including any Additional Senior Obligations, such insufficiency may adversely affect the ability of the Company to satisfy its payment obligations under the Loan Agreement, and therefore, the payment of principal or interest on the Bonds. Furthermore, during any foreclosure action with respect to the Collateral, or in the case of an early termination of the Development Agreement, to the extent that the Company has incurred Additional Senior Obligations, Bondholders will be required to share the proceeds of the Collateral or any Termination Compensation payable by the Owner with a larger group of senior debt holders, proportionally reducing any claim that the Bondholders may have to such proceeds or Termination Compensation Amount.

The Company will be permitted, in certain circumstances, to replace cash or liquid investments on deposit in, and required to be maintained on deposit in, certain reserve accounts, with letters of credit.

The Company is permitted to replace cash and Permitted Investments required to be maintained in the Debts Service Reserve Account and the Major Maintenance Reserve Account for the benefit of the Secured Parties with one or more Acceptable Letters of Credit, and in respect of the replacement of a Non-Recourse Acceptable Letter of Credit, to distribute such cash and proceeds of Permitted Investments directly to its equity holders. If the issuer of any such

Acceptable Letter of Credit were to default on its payment obligations under any such Acceptable Letter of Credit or any such Acceptable Letter of Credit were found to be unenforceable, the Bondholders could be adversely affected by the lack of liquidity available to the Company and the diminution of the collateral available to repay the Secured Parties.

The Company is permitted to make quarterly distributions of excess cash to the Equity Participants but is only required to top up the Major Maintenance Reserve Account and the 2017 Bonds Debt Service Reserve Sub-Account on a semi-annual basis.

The Company is permitted to make quarterly distributions of excess cash to the Equity Participants but is only required to top up the Major Maintenance Reserve Account and the 2017 Bonds Debt Service Reserve Sub-Account on a semi-annual basis. If the Distribution Conditions are satisfied on any quarterly Distribution Date that is not a semi-annual Payment Date, the Company may make a distribution payment on such date but will not be required to recalculate the relevant required balance or replenish the Major Maintenance Reserve Account or the 2017 Bonds Debt Service Reserve Sub-Account on such Distribution Date. If the Company subsequently suffered from a shortfall in revenues the Bondholders could be adversely affected by the lack of funds available to the Company due to the reduced balance of the reserve accounts and the diminution of the collateral available to repay the Secured Parties.

The Company's failure to receive Progress Payments from the Owner, funds from an Equity Participant or Company Commercial Revenues prior to Project Substantial Completion may adversely affect the ability of the Company to complete the construction of the Project which, in turn, may limit the ability of the Company to satisfy its payment obligations pursuant to the Loan Agreement, thereby adversely affecting the repayment of the Bonds.

The Company plans to finance a portion of the construction of the Project using funding from a variety of sources other than the Bonds, including, equity contributions from the Equity Participants, Progress Payments from the Owner and certain Company Commercial Revenue received prior to Project Substantial Completion. As the obligations of each Equity Participant under the Equity Contribution Agreement are several, a failure by an Equity Participant to fund all or a portion of its equity contribution may delay or limit the Company's ability to complete construction of the Project as the enforcement by the parties to the Equity Contribution Agreement of any obligation to contribute equity may entail substantial expense and delay, and may not result in recovery of the amount any defaulting Equity Participant agreed to contribute. In addition, the Equity Participants' obligations are limited to those set forth in the Equity Contribution Agreement, and they have no obligation to fund their equity contributions thereunder until no other sources of funds for the Project costs are available or any Secured Obligations have been accelerated under the Initial Project Financing Agreements. Also, while each Equity Participant's funding obligation is secured by a Capital Contributions Letter of Credit, a court having jurisdiction may not enforce a Capital Contributions Letter of Credit upon the occurrence and continuation of a Bankruptcy in respect of an Equity Participant. Furthermore, only upon the acceleration of any Secured Obligations under the Initial Project Financing Agreements, and not upon the occurrence and continuation of an Event of Default under the Initial Project Financing Agreements alone, will the full amount of each Equity Participant's aggregate unused equity commitment be automatically due and payable. Unless and until the acceleration of any Secured Obligation, the Collateral Agent cannot draw on the full amount of any Capital Contributions Letter of Credit in respect of the aggregate unused equity commitment of any Equity Participant. See, "RISK FACTORS—Risks Relating to the Bonds—The rights and remedies available to Bondholders, the Issuer and the Company may be limited by bankruptcy and other limitations on the enforceability of such rights and remedies."

There can be no assurance that any Equity Participant will have the financial capability to perform its respective obligations under the Equity Contribution Agreement. Moreover, if the Company becomes a debtor in a case under the bankruptcy code, the Company and the Collateral Agent may be unable to enforce the Equity Contribution Agreement against the Equity Participants, and consequently, the Equity Participants may be relieved of their obligations under the Equity Contribution Agreement, regardless of whether any such Equity Participant is otherwise capable of performing its obligations at such time.

The Owner may be unable to pay, or may otherwise refuse or dispute payment of, the Progress Payments. A failure by the Owner to pay one or more Progress Payments could adversely affect the Company's ability to pay the cost of construction of the Project. Failure by the Owner to pay a Progress Payment for a period of 15 days from the due date under the Development Agreement will trigger an Owner Default under the Development Agreement,

however the Company's right to terminate the Development Agreement for an Owner Default in these circumstances will not arise for an additional 30 days. Further, under the terms of the Design and Construction Contract, the Company is not entitled to delay payment to the Contractor due to non-payment or delayed payment by the Owner under the Development Agreement if such non-payment or delayed payment is attributable solely to the Owner (and is not, in any way, attributable to a delay of the Contractor of submitting an invoice or related information to the Company). The Company's obligation to pay the Contractor may arise at a time when the Company has not received Progress Payments (or other funds) that it had intended to use to fund such payment to the Contractor, and the Company may be unable to make such payment. This may cause a default under or termination of the Design and Construction Contract and may adversely affect the ability of the Company to complete the Project on time or at all.

To the extent that all or a portion of the funds expected to be received from such sources is not received by the Company or to the extent that the Company receives all or a portion of such funds on a date later than is currently contemplated, the Company's ability to complete the construction of the Project may be limited or delayed, potentially adversely affecting the Company's ability to satisfy its payment obligations pursuant to the Loan Agreement, thereby adversely affecting the repayment of the Bonds. Moreover, the Company's delay or inability to complete construction of the Project may give the Owner the right to terminate the Development Agreement, which may adversely affect the Company's ability to satisfy its payment obligations pursuant to the Loan Agreement, thereby adversely affecting the repayment of the Bonds.

Risks Relating to Tax Matters

As discussed under the caption "TAX MATTERS," interest on the Bonds could be, or become, includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds as a result of a failure of the Issuer or the Company to comply with certain provisions of the Code, the U.S. Treasury regulations promulgated thereunder, or certain other guidance issued by the IRS and courts. In addition, the law relating to the Bonds is subject to change by legislation and judicial or administrative decision, in each case, possibly with retroactive effect. No ruling has been sought or obtained from the IRS with respect to the treatment of the Bonds or the property financed or refinanced with proceeds of the Bonds under current law, and there can be no assurance that interest on the Bonds is or will continue to be excludable from gross income for federal income tax purposes. Potential investors should consult their tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds, and as to the impact of any proposed or pending legislation.

Legislation to bring about comprehensive reform of the United States Tax Code is currently being considered in the United States Congress. The House of Representatives and the Senate have passed separate, comprehensive tax bills, and a joint conference committee between the two bodies has submitted a Conference Report containing a revised bill amending the House bill (the "Amended Bill"). The Amended Bill includes provisions that could indirectly adversely affect the market price or marketability of the Series 2017 Bonds. In particular, the Amended Bill contains provisions that would significantly lower the corporate tax rate and potentially reduce the marginal tax rate for many personal income taxpayers. The Amended Bill would not adversely affect the excludability from gross income of interest on the Series 2017 Bonds or the ability of the Issuer to issue bonds in the future to refund the Series 2017 Bonds. However, it cannot be predicted whether or in what form this proposed legislation or any other such proposal may be enacted, or whether, if enacted, any such proposal would affect the Series 2017 Bonds. See "TAX MATTERS."

THE PRINCIPAL PROJECT AGREEMENTS

The following is a summary of selected provisions of certain principal documents relating to the Project and is not a full statement of the terms of each of such agreements. Accordingly, the following summaries are qualified in their entirety by reference to such agreements and are subject to the full text of such agreements. A copy of each of the agreements is available, free of charge, from the Company or the Trustee upon request. The following summary should be read in conjunction with the section "RISK FACTORS." Unless otherwise stated, any reference in this Official Statement to any agreement means such agreement and all schedules, exhibits and attachments thereto, as amended, supplemented or otherwise modified and, if applicable, in effect as of the date hereof. For a more detailed summary of the principal provisions of the Development Agreement, see Appendix B—"SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT." For a more detailed summary of the principal provisions of the Design and Construction Contract, see Appendix C—"SUMMARY OF CERTAIN PROVISIONS OF THE DESIGN AND CONSTRUCTION CONTRACT."

The Development Agreement

On August 24, 2017, the Company and the Owner entered into the Development Agreement for the design, construction, operation and maintenance of the Project. The Development Agreement will expire on the 34th anniversary of the Financial Close Date or its earlier termination in accordance with its terms.

Pursuant to the Development Agreement, the Owner grants to the Company (i) the exclusive right to develop, design, construct, finance, operate and maintain the Project: (ii) a non-exclusive right of entry onto the work site for purposes of carrying out the Company's obligations and exercising its rights under the Contract Documents; (iii) an exclusive license to develop, implement and manage a concessions program during the Concessions Operating Period, and to perform associated work, within level 5 and level 6 of the Terminal; and (iv) an exclusive license to sub-contract with third party Concessionaires for the operation of Concessions under the Concession Program.

Design and Construction Obligations. The Company's obligations include furnishing all design and construction services, quality management, planning, design, engineering and other services, all furniture, fixtures and equipment, and all associated materials, equipment, supervision, tools, transportation, utility services, supplies and labor, and undertake all efforts, necessary or appropriate to perform and complete the design and construction work and achieve Project Substantial Completion no later than the Project Substantial Completion Long Stop Date. The Company is also responsible for maintaining custody and control over each construction work area from the date such area is turned over to the Company until the earlier of the applicable Functional Area Readiness Date or the Project Substantial Completion Date.

The Company is responsible for all design and construction work related to utilities infrastructure as well as all utility adjustments (relocation, abandonments, protection in place, removal, replacement, reinstallation and modification of existing utilities necessary to accommodate construction, operation, maintenance and use of the Project or the work). The Company is required to perform the design and construction work in accordance with (a) good industry practice; (b) the requirements, terms and conditions set forth in the Contract Documents; (c) all applicable Laws; (d) the requirements, terms and conditions set forth in all governmental approvals applicable to the D&C Work; and (e) the Project management plan prepared by the Company and approved by the Owner and all component parts, plans and documentation prepared thereunder, and all approved updates and amendments thereof made in accordance with the Technical Requirements.

Operation and Maintenance Responsibilities. The Company is required to perform or subcontract performance of all work related to the operation, management, administration, maintenance, repair, preservation, modification, reconstruction, rehabilitation, restoration, renewal and replacement for certain segments of the Project. The Company must perform or subcontract for the performance of, such services in accordance with certain minimum performance requirements set forth in the Development Agreement. The Contractor's failure to do so entitles the Owner to the rights and remedies set forth in the Contract Documents, including the assessment of noncompliance points, deductions from amounts owed to the Company and termination of the Development Agreement. The Owner has the right to adopt changes and additions to the Technical Requirements relating to the operations and maintenance services and the Company is required to comply with such changes. The Owner shall be entitled to adopt non-discriminatory changes (i.e. changes of general application to comparable projects of the Owner) and the Company is

required to implement the same. The Owner is also entitled to implement discriminatory changes, provided it follows the change procedure set forth in the Development Agreement. See, Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Changes in the Work.” Discriminatory changes and certain non-discriminatory changes may constitute a Compensation Event under the Development Agreement for which the Company will be entitled to compensation. For more detailed information regarding the Company and Owner operation and maintenance obligations, see Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Operations and Maintenance—*General Duties*.” See “RISK FACTORS—Risks Relating to Operation and Maintenance of the Project—*The operation and maintenance of the Project involves risks that may adversely affect the Company’s ability to repay the loan under the Loan Agreement and may cause the Company to be in violation of its obligations under the Development Agreement, in each case adversely affecting the repayment of the Bonds.*”

Environmental Responsibility. The Company is required to manage, treat, handle, store, remediate, remove, transport and dispose of all contaminated and undesirable materials encountered in performing the work. The definition of Compensation Event includes (a) a release of contaminated materials by the Owner, to the extent such release occurs after the Effective Date, is required to be reported to a governmental entity and renders the use of the work site unsafe or in breach of applicable Law absent assessment, containment and/or remediation, (b) discovery of a pre-existing contaminated material, (c) a release of contaminated materials by a third party who is not a Company related entity to the extent such release occurs after the Effective Date, that is required to be reported to a governmental entity and that renders the use of the work site unsafe or in breach of applicable Law absent assessment, containment and/or remediation, and (d) any losses, expenses, damages, costs, claims, fees (including reasonable attorneys’ fees) or any other liability of the Company or any Company-related entity to any third party (other than any Company-related entity) for any claim, cause of action or fine asserted by such third party against the Company or any Company-related entity with respect to contaminated materials for which the Owner is deemed to be the generator or arranger pursuant to the Development Agreement. In such cases, the Company is entitled to claim compensation as described in Appendix B “SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Relief Event Claims.”

Commercial Revenue. The Company is entitled to the Company Commercial Revenue generated by the Concessions Program. The Owner is entitled to the Owner Commercial Revenue. All other revenue generated in connection with the Project, other than the Company Commercial Revenue, including revenues associated with any non-competing activities will be retained by the Owner.

Concessions. The Company will plan, develop, implement and manage the Concessions Program during the Concessions Operating Period within levels 5 and 6 of the Terminal. The Owner may not engage in any commercial activity in such levels, other than advertising outside of the Concessions Space and several non-competing activities laid out in Appendix B —“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Concessions—*Concessions Program*.” The Owner is also entitled from time to time, to identify additional non-competing commercial activities. Upon the expiration of any agreement for an additional non-competing activity, the Company will have the opportunity to undertake the commercial activity at the Company's option. Such opportunity will also be granted to the Company if the use of a space where a non-competing activity is located is contemplated to be changed by the Owner.

The Company is required to (a) perform all Concessions-related work in accordance with good industry practice and the Contract Documents, (b) serve as the master developer responsible for the programmatic mix, procurement, and management of Concessions, (c) enter into concession agreements with the Concessionaires, (d) oversee, manage, verify, and report on Concessionaires’ performance and ensure their compliance with the concession agreements, the Contract Documents, and the concessions plans and policies, (e) develop, implement, and update (at least every two years) the concessions development and management plan to achieve the objectives and ensure compliance with the requirements set forth in the Contract Documents, and (f) measure and report its performance in fulfilling the responsibilities with respect to Concessions.

The Concessions Program will be developed and implemented during the period commencing on the Functional Area Readiness Date of the first Concessions Functional Area to achieve Functional Area Readiness and ending on the Termination Date. The Development Agreement requires the Company to include certain mandatory provisions in the Concession Agreements entered into with Concessionaires. See “THE PRINCIPAL PROJECT

AGREEMENTS— Certain Other Project Related Agreements—*Mandatory Provisions for Concession Agreements.*” Prior to the execution of such agreements, the Owner will review the same but solely to validate that the mandatory provisions have been included into each Concession Agreement, on substantially the same terms and substance as the provisions included in the Development Agreement. Under the Development Agreement, the Company is required to comply with certain requirements for the Concessions Program and for the development of the concessions development and management plan. See Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Concessions.”

The Company will establish and manage a marketing fund to support the Concessions Program and the Concessions. The Concessionaires will be required to make certain contributions to the marketing fund under each of their concession agreements. Funds received from the marketing fund will comprise part of the collateral package for the Series 2017 Bonds but will not be used to pay construction costs for the Project and are not expected to be used to pay the Series 2017 Bonds.

If, at any time following the Project Substantial Completion Date, actual total Concessions Revenues are 10-20% less than the revenue forecast, the Owner and the Company are required to meet to identify the reasons for such shortfall and the Company must inform the Owner of any remedial measures that could bring future Concessions Revenue in line with the revenue forecast. If, at any time following the Project Substantial Completion Date, actual total Concessions Revenues fall below the revenue forecast by more than 20% for a period of 12 consecutive months due to the Company’s actions, omissions, decisions or policies, the Company must, within 30 days of this period, submit a remedial plan and a proposed schedule for implementation. If the concessions shortfall is not remedied within 12 months after the implementation of the remedial plan, the Company and Owner will hire consultants to provide recommendations for an additional remedial plan. The final remedial plan may incorporate some, all or none of the consultant’s recommendations, at the Owner’s sole discretion, so long as such remedial plan is reasonably expected to remediate the shortfall, does not present any risk of negatively impacting Concession Revenues, does not require the Company to incur additional capital expenditures, and does not require the Company to incur operational costs that are commercially unreasonable.

Payments to the Company

Progress Payments. The Owner has agreed to pay the Company Progress Payments on a monthly basis in arrears after the issuance of NTP 1. The amount of each Progress Payment is required to equal the total amount payable by the Company to the Contractor for the design and construction work performed in the relevant month, multiplied by 73.73% (representing the Maximum Progress Payment Amount (\$479,245,000) divided by the D&C Contract Amount (\$650,000,000)). The Owner shall deduct from the first Progress Payment (and any subsequent payments as necessary) the aggregate amount of Early Design Work Payments made to the Company. The Owner shall accrue an amount equal to 5% of the approved amount of any Progress Payment. No deductions for such accrual will be made against any Progress Payment. If the Certificate of Final Acceptance is not issued, any retained accruals will be deducted from Supplemental Payments in an inverse order of maturity. All amounts accrued will be released upon issuance of the Certificate of Project Final Acceptance.

Supplemental Payments. From the Project Substantial Completion Date to the Termination Date, the Owner is required to make monthly Supplemental Payments to the Company. The Development Agreement sets forth that the Supplemental Payments will be subject to the Terminal Improvements being available for the applicable Airport activities and may be reduced based on deductions associated with performance of the operation and maintenance services by the Company in accordance with certain minimum requirements. Supplemental Payments include a capital payment component, subject to an annual escalation of 2.5%, and an operations and maintenance component subject to annual escalation to the CPI, as fully calculated and earned by the Company as determined in the Development Agreement. See, Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Payments to Company—*Supplemental Payments*” for additional detail.

Disputes. The Owner has the right to dispute, in good faith, any amount specified in an invoice submitted by the Company under the Development Agreement. The Owner has agreed to pay the amount that is not in dispute, and is entitled to withhold the balance pending resolution of the Dispute. The parties must use their reasonable efforts to resolve any dispute and if they fail to solve the issue in 30 days, will subject the same to the dispute resolution procedures set forth in the Development Agreement. Due and unpaid amounts under the Development Agreement

accrue interest at a late payment rate of 1% (not compounded) per month or the maximum amount permitted by law, whichever is less. Any overpayment made by the Owner to the Company will also entitle the Owner to receive payment of interest at such late payment rate. Payments under the Development Agreement will be paid from the Airport System Fund. The Owner has no obligation to make payments from any other source. See “SECURITY FOR THE BONDS—General Junior Lien Bond Ordinance and Supplemental Junior Lien Bond Ordinance.”

Refinancing

Subject to obtaining the Owner’s prior written approval, the Company has the right to consummate Refinancing transactions on terms and conditions acceptable to it (provided that the Owner’s consent is not required for Exempt Refinancing transactions or for a Rescue Refinancing, so long as the Company complies with the notification procedure set forth in the Development Agreement). The Owner’s consent to a Refinancing will be based on (a) agreement on the amount, if any, of Refinancing Gain payable to the Owner and (b) compliance with certain notice requirements, limitations, conditions precedent and other requirements detailed in the Development Agreement, which include (i) satisfaction of the Committed Equity Investment requirements, (ii) a requirement that the Refinancing will not increase the amount of Lenders’ Liabilities by more than 10%, (iii) payment of Owner’s recoverable costs, and (iv) Owner’s entitlement to 50% of the Refinancing Gain. The Company is required to deliver to the Owner copies of all signed Financing Documents in connection with any Refinancing and a revised financial model reflecting the terms of the Refinancing and Refinancing Gain, no later than 10 days after close of the Refinancing.

Relief Events

The Development Agreement provides that if a Delay Event or a Compensation Event (collectively, a “**Relief Event**”) occurs, the Company is entitled to seek monetary compensation, a time extension and/or other relief, as applicable.

In order to obtain any of the abovementioned reliefs, the Company must first submit a Relief Event Notice to the Owner, as soon as practicable, and in any event within 14 days of the date the Company has knowledge that a Relief Event has caused or is likely to cause an entitlement of the Company under the Development Agreement, setting forth, among other things, a description of the Relief Event, its date and duration, an estimate of its effects and the nature and scope of the Company’s entitlement to compensation or relief. In addition, the Company must submit to the Owner a formal Relief Event Claim for specific monetary compensation, time extension and/or other relief within 60 days after submittal of the Relief Event Notice with all information relating to the specific relief (such as details of the Relief Event, its nature, date of occurrence, estimated duration, provisions of the Development Agreement that are claimed to entitle the Company to compensation, time extension or other relief, its impact on schedule or monetary impact, an explanation of measures taken to prevent or mitigate the event, type and amount of insurance that may be applicable). If the Company fails to submit the required notice, claim or information to the Owner within the time periods specified in the Development Agreement, then the Company will not be entitled to any remedy from the date it was required to submit the relevant information until the actual date on which it submits the same. If the Company fails to submit any claim, notice or information within thirty days following the date on which it was required to do so, the Company will have no right to make any claim with respect to the Relief Event.

Compensation Events

Pursuant to the Development Agreement, the Company is entitled to monetary compensation for Compensation Events, including (i) to direct costs incurred by it or its contractors as determined in accordance with the Development Agreement (other than in respect of a Compensation Event (Type 3)); (ii) to the extent a Compensation Event delays receipt by the Company of Supplemental Payments, to compensation for delays in receipt of such payments, (iii) compensation for loss of Concessions Revenue as a consequence of a Compensation Event (Type 1) or a Compensation Event (Type 2); and (iv) losses, expenses, damages, costs, claims, fees (including reasonable attorneys’ fees) or any other liability of the Company or a Company related entity incurred as a consequence of the occurrence of a Compensation Event (Type 3). Compensation in connection with (ii) and (iii) above is limited to 180 days. If the Compensation Event exceeds 180 days the parties will be entitled to terminate the Development Agreement as further explained below. Except for compensation in connection with Delay Events which would prevent performance of the operation and maintenance services by the Company, the Company is not entitled

to any monetary compensation for a Delay Event. Likewise, the Company is not entitled to compensation for a Compensation Event (Type 3) other than as described in (iv) above. Any payments for compensation with respect to a Relief Event will be net of all insurance proceeds received in connection with the Relief Event. Payment of Compensation Payments under the Development Agreement is not a Great Hall Junior Lien Obligation and the Owner is not required to pay such Compensation Payments from the Great Hall Junior Lien Obligation Account. See “SECURITY FOR THE BONDS—General Junior Lien Bond Ordinance and Supplemental Junior Lien Bond Ordinance—*Supplemental Junior Lien Bond Ordinance*.”

Changes

The Owner has the right to make changes or alterations to the work and changes to the requirements applicable to the work and the Company is required to perform the work as altered or changed, except to the extent the change would (i) result in a breach of Law, of any conditions of a governmental approval or revocation of any governmental approval, (ii) render any insurance policy void or voidable, (iii) require a new governmental approval which would not be reasonably obtainable, or (iv) materially, adversely affect the health and safety of any person or the risk allocation and payment regime under the Development Agreement. The Company is entitled to compensation for certain Owner changes, including for Compensable Non-Discriminatory O&M Changes and Discriminatory O&M Changes which will each constitute a Compensation Event and for Non-Compensable Non-Discriminatory O&M Changes which will constitute a Delay Event. If any change results in a net reduction of costs to the Company, the Company has agreed to pay the Owner the amount of such net reduction in costs. The Company may also request that the Owner approve modifications to the Technical Requirements or deviations from or noncompliance with, the requirements of the Technical Requirements in work performed. The Owner, in its sole discretion, may accept or reject any such Company changes or deviations. The Company may also submit to the Owner requests for changes, deviations, modifications, alterations or exceptions to the Manuals and Guidelines necessary to permit the Company to perform the design and construction work without incurring additional costs or schedule delay, but solely to the extent that the necessity of such change or deviation (a) becomes known pursuant to the design development process; and (b) was not known to the Company or any Company related entity, or could not have reasonably been known by the same with the exercise of reasonable due diligence, on the date of execution of the Development Agreement. The Owner is required to approve such request unless: (i) the request does not meet the conditions specified above, or (ii) granting it would pose a danger or threat to the health or safety of any user, would be inconsistent with the Contract Documents (other than the Manuals and Guidelines), it would unduly interfere with current or future Airport operations and associated rights of way or Adjacent Projects, or it would not result in performance, quality, and utility of the end product equal to or better than would result from full compliance with the Manuals and Guidelines.

Performance and Payment Bond

The Company is required to obtain or caused to be obtained, a “Performance Bond” in an amount equal to \$325,000,000 as a condition to the commencement of the design work and the Owner’s issuance of NTP 1, to secure performance of the design and construction work. Additionally, the Company is required to obtain or caused to be obtained, a “Payment Bond” in an amount equal to \$325,000,000 as a condition to the commencement of design work and the Owner’s issuance of NTP 1, securing the Contractor’s obligation to pay for labor and materials in connection with the design and construction work. Both the Performance and Payment Bonds must be in a form agreed with the Owner, be issued by a surety or insurance company authorized to issue bonds in the State and that is rated in the top two categories by two NRSROs or at least “BBB+” or better and “Class VIII” or better according to A.M. Best and Company’s Financial Strength Rating and Financial Size Category, except as otherwise approved in writing by the Owner in its reasonable discretion.

Indemnity

The Company must defend, indemnify and hold harmless the Owner and the City and their respective successors, assigns, agencies, divisions, officeholders, elected officials, officers, directors, commissioners, agents, representatives, consultants and employees against liabilities, claims, judgments, suits, investigations, legal or administrative proceedings, or demands for damages to persons or property arising out of, resulting from, or relating to the work performed under the Contract Documents, in each case if threatened, asserted or incurred by or awarded to any third party including to the extent caused by, among other things: (i) a breach or alleged breach by the Company of the Contract Documents or the Design and Construction Contract (or any other key contract with its lead designer,

contractor or operations and maintenance firm) or the Financing Documents, (ii) a failure or alleged failure to comply with governmental approvals or any laws in connection with the work; (iii) patent, copyright or trademark infringements; (iv) negligence or willful misconduct of the Company or any Company-related entity in the performance of the work; (v) release of contaminated materials by the Company or any Company-related entity; and (vi) errors or other defects in the design and construction of the Project. The Company's indemnity obligations do not extend to any claim, demand or loss which has been determined to be: (a) the sole negligence or willful misconduct of the indemnified party; (b) a Relief Event; or (c) the Owner's breach of any of its obligations under the Contract Documents.

Non-Compliance Points and Monetary Deductions

Noncompliance points are a system to measure the Company's performance levels during the concessions operations and operations and maintenance phases of the Project. The Development Agreement sets forth certain breaches or failures in performance of specific obligations that may result in the assessment of noncompliance points and the related cure periods available to the Company to cure any such noncompliance prior to the incurrence of noncompliance points for the specific breach. In addition to noncompliance points, the Development Agreement contemplates instances of noncompliance which can result in increased levels of oversight of the Project and the Company by the Owner, and termination of the Development Agreement.

In addition, specific noncompliance related to a failure by the Company to carry out the operation and maintenance services in accordance with certain performance standards detailed in the Development Agreement, will result in monetary deductions. The aggregate deduction amount per annum shall not exceed the maximum aggregate Supplemental Payments that the Company can earn in a given fiscal year as calculated as described in Appendix B "SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT —Payments to the Company—*Supplemental Payments.*"

If at any time the Company is assessed noncompliance points or accumulates noncompliance instances in excess of a certain threshold, then the Owner is entitled to increase the level of oversight of the Project and the Company, at the Company's reasonable expense, to the level the Owner reasonably sees fit until the Company demonstrates (to the reasonable satisfaction of the Owner) that: (i) it has reduced the number of noncompliance points below the threshold; (ii) it is diligently pursuing cure of all other instances of noncompliance; (iii) it has cured any Company Events of Default; and (iv) it is capable of performing its obligations under the Contract Documents.

The Company may assess performance deductions against the Owner for a failure by the Owner to comply with certain performance standards detailed in the Development Agreement. In general, there is no cure period available for such Owner noncompliance. Owner performance deductions will be deducted from the Owner Commercial Revenue on a monthly basis. If Owner deductions exceed the amount of Owner Commercial Revenues, Owner performance deductions will be added to the monthly Supplemental Payment. No Owner performance deductions will be made with respect to a month until the aggregate amount of such deductions equals or exceeds \$50,000 for any given month, after which the full amount of such deductions will be assessed. In general, there is no cure period available for such Owner noncompliance. Cure periods are only available with respect to availability of gas infrastructure and no leakage and availability of restrooms in certain areas of the Terminal. Cure periods vary from 1 hour to temporarily cure the event, to 24 hours to permanently cure the event.

See Appendix I—"TECHNICAL ADVISOR REPORT—5.8 Performance Deductions," Appendix I—"TECHNICAL ADVISOR REPORT—5.9 Performance Deductions Analysis," and Appendix I—"TECHNICAL ADVISOR REPORT—Performance Requirements."

Damages

Subject to certain limitations described below, the Owner is entitled to recover any and all damages available under Law due to the occurrence of a Company Event of Default, including loss of any compensation due to the Owner under the Development Agreement proximately caused by the Company Event of Default. The Company is liable for any damages that accrue after the occurrence of a Company Event of Default, regardless of whether the default is subsequently cured.

In the case of a termination for a Company Event of Default, the Owner may deduct and offset any damages owing to it under the Contract Documents from and against any amounts the Owner may owe to the Company.

Termination Rights; Effect of Termination

Termination for Convenience. The Owner may, in its sole discretion, terminate the Development Agreement for convenience if the Owner determines that a termination is in the Owner's best interest.

In the event of a termination for convenience, the Owner is required to pay compensation to the Company in an amount equal to: (1) to the extent it is a positive amount, (a) all amounts shown in the Financial Model as payable by the Company from the Early Termination Date, either in dividends or other distributions on the share capital of the Company or as payments of interest or repayments of principal made by the Company under the Equity Members Funding Agreements, each amount discounted back at the Termination for Convenience Discount Rates (as of the Early Termination Date) from the date on which it is shown to be payable in the Financial Model to the Early Termination Date, minus (b) Deferred Equity Amounts as at the Early Termination Date (or the net present value of the same if termination occurs prior to the Project Substantial Completion Date); plus (2) Lenders' Liabilities; plus (3) contractor breakage costs; plus (4) redundancy payments; plus (5) if the termination occurs during the Project Operating Period, the incremental increase, if any, in the federal and State income tax liability of the Equity Members due to payment of the Termination Compensation over the Base Tax Liability; minus (6) balances in accounts held by the Company or letters of credit held by the Company the reimbursement of which is not an obligation of the Company at an Early Termination Date; minus (7) insurance proceeds. Termination Compensation following a termination for convenience must be paid by the Owner within 60 days after the delivery of certain documents and other evidence to the Owner as required under the Development Agreement.

Termination for Company Default. The following events, among others, constitute a Company Event of Default: (i) failure to satisfy the conditions to NTP 1 within 30 days of the Financial Close Date; (ii) failure to begin the design work within 10 days following NTP 1; (iii) the Company discontinues the prosecution of the work for a continuous period of 20 days, except as otherwise allowed under the Development Agreement, or fails to resume the work within 30 days after the Owner notifies it to do so; (iv) failure to perform the work in accordance with the Contract Documents; (v) failure to comply with governmental approvals and laws; (vi) failure to make any undisputed payment to the Owner, or failure to deposit funds to any reserve or account; (vii) use of the Project by the Company or any Company-related entity in violation of the Contract Documents, governmental approvals or law; (viii) failure to provide and maintain insurance, bonds, guarantees or other performance security; (ix) a voluntary or involuntary assignment or transfer of the Development Agreement, the Project or the Company's equity in violation of the Development Agreement; (x) any representation or warranty of the Company or any Guarantor in the Contract Documents, any guaranty or any certificate, schedule, report, instrument or other document delivered to the Owner is false in any material respect or misleading or inaccurate or omits material information necessary so as not to make such disclosure misleading; (xi) failure to timely observe or caused to be observed or performed any other material covenant, agreement, obligation, term or condition; (xii) voluntary or involuntary bankruptcy event; (xiii) failure to comply with a written suspension of work; or (xiv) failure to commence construction work on the scheduled date under the Development Agreement or to achieve Project Substantial Completion by the Project Substantial Completion Long Stop Date.

If a default by the Company occurs and it is not cured within the applicable cure periods, the Owner will have certain remedies, including the right to terminate the Development Agreement in accordance with the terms thereof and with immediate effect upon written notice to the Company.

In the event of a termination for a Company Event of Default, the Company will be entitled to: (i) if termination occurs prior to the Project Substantial Completion Date, compensation in an amount equal to the lesser of: (a) the D&C Work Value, plus the lesser of (1) the amount of operation and maintenance costs scheduled in the Financial Model to be incurred by the Company through the Early Termination Date and (2) the actual amount of operation and maintenance costs actually incurred; and (b) the net Lenders' Liabilities, and (ii) if termination occurs on or after the Project Substantial Completion Date, compensation equal to: (a) 80% of Lenders' Liabilities; minus (b) maintenance rectification costs; minus (c) account balances; minus, (d) deferred equity amounts; minus, (e) insurance proceeds.

Termination Compensation following a termination for a Company Event of Default is payable by the Owner within 180 days after the delivery of certain documents and other evidence to the Owner as required under the Development Agreement.

Termination for Owner Default. The Owner will be in default upon the occurrence of any one or more of the following: (i) failure to make an undisputed payment due to the Company for a period of 15 days, (ii) any representation or warranty is false or misleading or inaccurate when made in any material respect or omits material information when made necessary to include so as not to make such disclosure misleading, (iii) the Owner ceases or fails to perform any of its material obligations under the Development Agreement as a direct result of which the Company is unable to perform all or substantially all of its obligations for a continuous period of 120 days, and (iv) the Owner or any other governmental entity confiscates, sequesters, condemns or appropriates the Project or any material part thereof, excluding any suspensions or limitations on access due to TSA, FAA or other governmental entity's requirements in response to emergencies, terrorism or Relief Events. The Owner has the cure periods established in the agreement, which range from 30 to 75 days.

The Company may have the right to terminate the Development Agreement and recover termination damages for a material Owner Event of Default which remains uncured following notice and expiration of the applicable cure period, by written notice of termination to the Owner effective immediately.

In the event of a termination for an Owner Event of Default, the Owner must pay compensation to the Company in an amount equal to the Termination Compensation payable for a termination for convenience.

Termination Compensation following a termination for an Owner Event of Default is payable by the Owner within 90 days after the delivery of certain documents and other evidence to the Owner as required under the Development Agreement. See "THE BONDS—Extraordinary Mandatory Redemption—*Development Agreement Termination.*"

Termination for Extended Relief Events. Subject to certain conditions, either party to the Development Agreement has the right to deliver to the other party written notice of its conditional election to terminate the Development Agreement based on a Relief Event if such Relief Event: (a) is a Compensation Event which will result in a delay in achieving Project Substantial Completion for longer than a 180 day period for which the Owner is required to make compensation payments to the Company, or (b) is a Delay Event and as a result the Company is unable to perform its obligations under the Contract Documents or the Project has become and remains inoperable in excess of 180 days, as further described in this Official Statement. See, Appendix B—"SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Termination—*Termination for Extended Relief Events.*". Upon delivery of a notice to terminate, the Owner and the Company, as applicable, will have the option to accept such notice or to continue the Development Agreement.

If either Party accepts the other Party's conditional election to terminate, the Company will be entitled to compensation calculated as follows: (i) all outstanding Equity Member Debt less an amount equal to the aggregate of all payments of interest made by the Company under the Equity Members Funding Agreements prior to the Termination Date; plus (ii) Lenders' Liabilities; plus, (iii) contractor breakage costs; plus (iv) redundancy payments; minus (v) account balances; minus, (vi) insurance proceeds. For further information on termination for extended Relief Events, see Appendix B—"SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Termination—*Termination for Extended Relief Events.*"

Termination Compensation following a termination for extended Relief Event is payable by the Owner within 180 days after the delivery of certain documents and other evidence to the Owner as required under the Development Agreement. See "THE BONDS—Extraordinary Mandatory Redemption—*Development Agreement Termination.*"

Termination by Court Ruling. The Development Agreement will also terminate upon (i) issuance of a final order by a court of competent jurisdiction to the effect that the Development Agreement is void and/or unenforceable or impossible to perform in its entirety, or (ii) issuance of a final order by a court of competent jurisdiction upholding the binding effect on the Company and/or the Owner of a change in law that makes impossible the performance of a fundamental obligation by the Company or the Owner under the Development Agreement.

In the event of such termination, the Company is entitled to compensation in an amount equal to the amount payable as compensation for termination due to an extended Relief Event, provided that if the termination by court ruling is caused solely by an Owner default or an Owner-caused Compensation Event, the Company is entitled to compensation in the amount equal to the compensation payable for a termination for convenience.

Termination Compensation following a termination by court ruling is payable by the Owner within 90 days after the delivery of certain documents and other evidence to the Owner as required under the Development Agreement. See “THE BONDS—Extraordinary Mandatory Redemption—*Development Agreement Termination*.”

Handback

On the termination date, the Company is required to transfer the Project to the Owner at no charge in the condition that meets all applicable requirements under the Development Agreement. In the event of an early termination the Company is only required to comply with the requirements of the Development Agreement to the extent that any renewal work was scheduled to have been performed prior to such Early Termination Date. The Company must diligently perform and complete all renewal work required to be performed and completed prior to the termination date based on the renewal work plan. In the event of an early termination, if the Company fails to complete such work prior to the Early Termination Date, the Owner may deduct the cost of completing such work from the termination amount, if any, payable to the Company.

Transfer Restrictions

Unless the Company obtains the Owner’s prior written approval and except for certain exceptions detailed in the Development Agreement, no equity transfer may result in any of the equity members of the Company, Ferrovial Airports International, Ltd., JLC Infrastructure Fund I L.P., or Saunders Construction, Inc., ceasing to own (directly or indirectly) the same percentage of the issued share capital in the Company, that it owned (directly or indirectly) as of the Financial Close Date. Except for certain transactions specified in the Development Agreement, any Change of Control of the Company is subject to the Owner’s prior written approval. See Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Equity Transfers and Change of Control; Committed Investment Requirements—*Restrictions on Equity Transfers and Change of Control*.”

Following the second anniversary of the Project Substantial Completion Date, any equity transfer that does not result in a Change in Control will not require any prior approval of the Owner, provided the transferor and transferee comply with the requirements set forth in the Development Agreement. Prior to such second year anniversary, the Owner may withhold or condition its approval in its sole discretion and any such decision will be final and binding. After such second year anniversary the Owner shall not unreasonably withhold its approval of a transaction.

Prior to the period ending two years after the Project Substantial Completion Date, any initial equity member of the Company whose role, and its affiliates’ roles, if any, are restricted to financial matters and which has no role in the performance of the work and does not have a controlling interest, may assign, sell or transfer its interest (whether direct or indirect) in the Company, provided that any such transfer shall be subject to the Owner’s prior reasonable approval unless such transfer constitutes a Change of Control (in which case it shall be subject to the Owner’s approval, in its sole discretion).

The Owner has the right to assign its right, title and interest in and to the Contract Documents, the payment Bond, the performance Bond, or any other security for payment or performance, to any successor thereof without the Company’s written consent, and to others with the Company’s prior written consent.

For a more detailed summary of the principal provisions of the Development Agreement, see Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT.”

The Design and Construction Contract

The Company and Ferrovial Agroman West, LLC, a Delaware limited liability company, entered into the Design and Construction Contract on July 26, 2017, pursuant to which substantially all of the design and construction work relating to the Project other than the Excluded Work, will be undertaken by the Contractor on a lump-sum, fixed price basis.

The Contractor has subcontracted all of the D&C Contractor Work to a wholly subsidiary of the Contractor and Saunders Construction, LLC. Saunders Construction, LLC is also affiliated with an Equity Participant. The subcontracting arrangement does not diminish, alter or change the obligations of the Contractor pursuant to the Design and Construction Contract with the Company.

Project Construction

Scope of Work. The scope of the design and construction work covered by the Design and Construction Contract includes all design and construction work required pursuant to the Development Agreement, any work necessary to correct defects and certain operations and maintenance work during construction, subject to certain Excluded Work. The Excluded Work includes, among other things: (i) finishes, MEP and FF&E of Concessions Spaces, (ii) any operations and maintenance work after Concession Space Readiness (unless related to the applicable punch list or governmental approvals related thereto), and (iii) any other work expressly excluded by the Design and Construction Contract.

Back-to-Back Obligations. Subject to the terms and conditions of the Design and Construction Contract, the Contractor will assume all costs and expenses arising from the performance of the D&C Contractor Work and, on a back-to-back basis, comply with all of the Company's obligations and liabilities set forth in the Development Agreement to the extent that they relate to such D&C Contractor Work.

Schedule of Performance. The Contractor is required to complete the D&C Contractor Work by the deadlines provided in the Design and Construction Contract, subject only to extensions of time arising from (i) delays caused by events that qualify under the Development Agreement as Delay Events and/or Compensation Events, but only as specifically provided under the terms of the Development Agreement and only to the extent actually granted to the Company under the Development Agreement, (ii) any delay attributable to any breach of the Company's obligations under the Design and Construction Contract or the Development Agreement (which is not principally attributable to the Contractor or any of its subcontractors or any other person for which it is responsible by contract or at law), or (iii) any other event expressly stated in the Design and Construction Contract as extending the D&C Contractor Work milestone schedule (including the Company's right to suspend and the Contractor's right to suspend).

Technical and Information Requirements for Concessions. Under the Design and Construction Contract the Contractor is responsible for the construction of the structure, its cladding, its base plant, external works and the provision of utility connections from the main system to the boundary of the applicable Concession that will be made available by the Contractor to the Company for further refurbishment by the Concessionaires. The Contractor is required to deliver the Concessions Space on the Concession Space Readiness Deadline, which is ninety days before the scheduled Functional Area Readiness Deadline, with all of the governmental approvals related to the D&C Contractor Work that are required for each applicable Concessionaire to (i) access the relevant concession and (ii) be entitled to commence finishing and other work therein. The Contractor is required to provide all connections required for utilities for each Concessions Space, based on the type of business to be operated in each Concession and up to a designated "demarcation point". The Company (or the applicable Concessionaire) will be responsible for all connections required after the demarcation point. The Contractor is required to deliver to the Company certain information regarding the Concessions Spaces prior to the Concession Space Readiness Deadline, such as drawing, certificates and specifications. The Contractor will also be responsible for the preparation of the submittals related to the D&C Contractor Work. The Contractor and the Company will cooperate and coordinate in the preparation of such design submittals in accordance with the terms of the Design and Construction Contract, but the Company will be responsible for submitting the submittals to the Owner (unless otherwise consented by the Company in writing).

Assumption of Risk and Responsibility as Between the Parties. All risks, costs, and expenses in relation to the performance by the Contractor of its obligations under the Design and Construction Contract are allocated to, and

accepted by the Contractor as its entire and exclusive responsibility. All risks, costs, and expenses in relation to the performance by the Company of its obligations under the Design and Construction Contract are allocated to, and accepted by, the Company as its entire and exclusive responsibility. As between the Company and the Contractor, the Contractor shall be solely responsible for the selection, pricing and performance of all of its subcontractors and other persons for whom the Contractor is responsible and for the acts, defaults, omissions, breaches and negligence of all of its subcontractors and other persons for whom it is responsible. As between the Company and the Contractor, the Company shall be solely responsible for the selection, pricing and performance of all of its subcontractors and other persons for whom it is responsible, and for the acts, defaults, omissions, breaches and negligence of all of its subcontractors and other persons for whom it is responsible. All liens, claims and charges of the Contractor and its subcontractors at any time shall not attach to any interest of the Owner in the Project, the work site or the Terminal Improvements.

Site Conditions. Subject to the express exceptions in the Design and Construction Contract, the Contractor shall bear the risk of all conditions occurring on, under or about the Project site (for construction) and any ancillary sites on which the Contractor work is performed.

General Obligations of the Contractor

Cooperation. The Contractor and the Company each undertake to provide to the other, in good faith and in due course, all reasonably necessary support regarding the performance and completion of the Contractor work throughout the term of the Design and Construction Contract.

Environment. Subject to certain exceptions expressly set forth in the Design and Construction Contract, the Contractor will take all environmental mitigation measures inherent in or necessary to perform the work and assumes all environmental risks, liabilities and related costs and expenses of the Company under the Development Agreement for the performance of the D&C Contractor Work, excluding: (i) those environmental liabilities assumed by the Owner under the Development Agreement; (ii) any environmental measures that relate to and arise from the operation, management or maintenance of the work site and any ancillary sites by the Company or its subcontractors; (iii) those environmental measures, costs and liabilities that occur following Concession Space Readiness, Project Substantial Completion or Project Final Acceptance, provided that the Contractor will be obligated to indemnify the Company for (A) environmental liabilities attributable to the violation of applicable Law, the Design and Construction Contract, the Development Agreement or a governmental approval by the Contractor, its agents, employees or subcontractors in connection with the work or (B) the presence of any Contractor generated contaminated materials in connection with the work in the Project site, any additional area utilized in the performance of the work, or any adjoining property; and (iv) those environmental measures, costs and liabilities arising from the Excluded Work or the acts or omissions of the Company or the Company's other contractors or persons for whom it is responsible. During and in connection with the performance of the work, the Contractor shall perform or cause to be performed all environmental mitigation measures required under the governmental approvals.

Suspension Rights

Company's Right to Suspend. The Company may at any time and for any reason require the Contractor to suspend performance of the Contractor work or any portion of it by giving prior written notice to the Contractor. At any time after the effective date of any such Company Suspension, the Company may require the Contractor to resume performance of the work no earlier than 21 business days' prior written notice. The Contractor will be entitled to claim schedule and monetary relief from the Company (I) any suspension which does not result from the failure by the Contractor to comply with safety requirements or any other default of the Contractor under the Design and Construction Contract or (II) the issuance of a suspension order from the Owner for any cause under the Development Agreement (which does not result from a breach by the Contractor of its obligations under the Design and Construction Contract). Except in connection with the circumstances set out in (I) and (II), the aggregate number of days of suspension cannot exceed 105 consecutive days or 150 days in the aggregate, unless the Company and the Contractor mutually agree upon terms to extend such maximum period of suspension. Any extension beyond such period of time entitles the Contractor to terminate the Design and Construction Contract.

Contractor's Right to Suspend. Subject to the provisions of any required notices to the Owner of Company's breach or default under the Design and Construction Contract, the Contractor shall be entitled to suspend performance

of all or part of the work in the event that the Company fails to make a payment required to be made, which is not subject to a good faith denial or a dispute initiated or undertaken pursuant to and in accordance with the terms of the Design and Construction Contract, provided that such payment failure continues for more than 50 days following the applicable payment due date or following the date that any such good faith denial or dispute was resolved. The Contractor shall be required to reinitiate work within 21 business days following the cure of any such non-payment (whether by payment or exercise of any set-off rights). For more information regarding suspension rights under the Design and Construction Contract, see Appendix C – “SUMMARY OF CERTAIN PROVISIONS OF THE DESIGN AND CONSTRUCTION CONTRACT—Suspension Rights.”

Contract Price and Payment

Lump Sum. The lump sum fixed price for the performance of the D&C Contractor Work is \$650,000,000.

Except as otherwise provided in the Design and Construction Contract, the Contract Price shall not be subject to adjustment or escalation, including for any tax liabilities. See “PROJECTED SOURCES AND USES OF FUNDS AND PROJECTED FINANCIAL INFORMATION.”

Advanced Payment. At the election of the Contractor, and in lieu of a mobilization payment, the Company has agreed to pay the Contractor within 20 days following the Financial Close Date, an advance payment equal to 10% of the contract price (excluding the Design Amount) to the extent that simultaneously with such payment the Contractor makes available the Advance Payment Security. The Advance Payment Security will be secured by the Contractor with one or more payment bonds or letters of credit issued by a surety or commercial bank or trust company, as applicable, reasonably acceptable to the Company, and in the case of a letter of credit, substantially in the form set forth in the Design and Construction Contract (the “**Advance Payment Security**”). The Advance Payment Security is required to (a) be in an amount equal to the full amount of the advance payment being made, (b) name of the Company as beneficiary, (c) be payable in accordance with its terms and (d) be delivered by the Contractor to the Company on or prior to the date on which the advance payment is required to be made by the Company to the Contractor. All Advance Payment Security will be reduced (on a dollar-for-dollar basis), at the sole cost of the Contractor, as the advance payment is amortized in accordance with the Design and Construction Contract.

Design Amount. The contract price includes a component attributable to the design work in the amount of 8% of the contract price (the “**Design Amount**”). The Company is required to pay to the Contractor, within 20 days of the Financial Close Date, an amount equal to 30% of such Design Amount (the “**Design Amount Advance Payment**”) less the proceeds of any Early Design Work Payment paid to the Contractor on or prior to the Financial Close Date, subject to the submission by the Contractor of an invoice at least five days prior to such payment date. To the extent that the Early Design Work Payments exceed such Design Amount Advance Payment, such excess shall be deducted from the monthly installments contemplated below in the order of payment of such installments.

The Contractor is entitled to payments on account of the Early Design Work which will be made in accordance with the Early Design Work schedule of values in the Design and Construction Contract.

An amount equal to 50% of the Design Amount will be paid in nine monthly equal installments, starting with the immediately succeeding calendar month following the date on which the Design Amount Advance Payment is made and will be payable by the 10th day of each month, subject to the submission by the Contractor of an invoice at least five days prior to the payment date (the “**Design Amount FC Payment**”). Nevertheless, any and all amounts due regarding the Design Amount FC Payment must be withheld by the Company until the occurrence of the NTP 2. Upon issuance of the NTP 2, the Company is required to pay the Contractor on the succeeding calendar month following NTP 2, the amount of the Design Amount FC Payment accrued but not paid after Financial Close Date up to that date. The remaining 20% of the Design Amount will be payable promptly upon approval by the Owner of the final design.

Mobilization Payment. At the election of the Contractor, the Company will pay to the Contractor, in lieu of the advance payment, a mobilization payment equal to and payable as follows (percentages are in reference to the Contract Price, excluding therefrom the Design Amount): (a) 4% on Financial Close, (b) 2% after Financial Close upon the Contractor (i) providing a contract or evidence of a supply agreement with suppliers for an amount in excess of one third of the total budget for a material that is one of the following materials: steel, elevator, escalators,

mechanical or electrical equipment or any other budget relevant material or (ii) securing this payment on terms similar to the Advance Payment Security, (c) 2% after the occurrence of Financial Close and upon the Contractor (i) providing a contract or evidence of an agreement of supply with suppliers for an amount in excess of one third of the total budget for a material that is one of the following materials and that is not the same material used to receive the payment covered by (b) above: steel, elevator, escalators, mechanical or electrical equipment or any other budget relevant material or (ii) securing this payment on terms similar to the Advance Payment Security, and (d) 2%, after the occurrence of Financial Close to the extent that the Company shall have received on or prior to such date security on terms similar to the Advance Payment Security in an amount corresponding to the amount of such payment. Any and all security received in accordance with the above will be reduced (on a dollar-for-dollar basis), at the sole cost of the Design and Construction Contractor, as the mobilization payment is amortized in accordance with the terms of the Design and Construction Contract.

Payment Schedule. Payments made to the Contractor with respect to the work shall be passed on the percentage of work actually performed, subject to a maximum payment curve. No payments will be made to the Contractor by the Company prior to the Financial Close Date. The Company will be obligated to pay the Contractor for work satisfactorily completed in accordance with the requirements of the Design and Construction Contract regardless of whether the Owner delivers an equivalent payment under the Development Agreement.

Contractor's Claims

In the event that it has been determined by the Owner that a Compensation Event has occurred with respect to or relating to the D&C Contractor Work and the Contractor has incurred losses in respect of such Compensation Event (as the same relate to the Design and Construction Contract), the Contractor will be entitled to the same compensation, if any, as provided to the Company in accordance with the terms of the Development Agreement, solely to the extent of and for such losses incurred by the Contractor; and, if and to the extent that the Owner has paid compensation to the Company. Payment for a Compensation Event is due to the Contractor within 30 days of the Company's receipt of such payment from the Owner (or such shorter time period as may be required by applicable law). Any and all overdue payments in respect of a Compensation Event will be paid with interest at the default rate set forth in the Development Agreement.

Rights under Comprehensive Agreement. Other than as contemplated in the Design and Construction Contract, to the same extent that the Company is entitled to any rights and remedies relating to the D&C Contractor Work against the Owner under the Development Agreement, the Contractor in turn is entitled to the same rights and remedies relating to the Contractor work under the Design and Construction Contract to the extent the Contractor shall have suffered any losses or delays in respect of the same. An example of where the Contractor is not entitled to equivalent relief, is where due to a Delay Event, after giving effect to all prior extensions, the new completion dates are beyond either the Baseline Functional Area Readiness Dates or the Baseline Project Substantial Completion Date in place at such time, and no Compensation Event occurred, the Contractor is not be entitled to any delays or schedule relief and no modification to the Contract Price. Upon the Contractor's timely written demand, the Company shall with all due diligence exercise and enforce (for the Contractor's benefit) its rights and remedies under the Development Agreement that relate directly or indirectly to the Contractor's rights and obligations with respect to the Contractor work. Under no circumstances will the Company be obligated to commence legal proceedings against the Owner or any third party to the extent that there is no reasonable legal basis for such a claim.

Limitation on Recovery. The Contractor will in no event be entitled to any benefit from a Delay Event or Compensation Event (i) that exceeds the recovery actually obtained by the Company from the Owner under to the Development Agreement or (ii) that is otherwise not in respect of any obligation or right of the Contractor under the Design and Construction Contract.

Changes

All adjustments provided in the Design and Construction Contract for variations, changes and/or modifications to the Contract Price, the work milestone schedule or the D&C Contractor Work will be evidenced by a written change order signed by the Contractor and the Company, as applicable.

Owner Required Changes. In the event that the Owner requires an Owner change in accordance with or pursuant to the Development Agreement in a manner that modifies the Contractor's obligations under the Design and Construction Contract and which changes are of a compulsory nature for the Company under the Development Agreement, then the Contractor will be obligated to execute a change order and perform the work as modified. The amount payable by the Company to the Contractor in connection with such compulsory modifications to the work will in no event exceed the amount paid by the Owner in connection with the same and will not, to the extent that the amount payable by the Owner includes as a component thereof compensation for loss of Concessions Revenue and any other revenues to which the Company is entitled under the Development Agreement or any amount in respect of any reduction, diminution, deduction or delay of any Supplemental Payment or earning of Concessions Revenue, include any amounts in respect of such loss.

Company Required Changes. In the event that the Company wishes to (i) vary all or any part of the work scope, terms or conditions, or (ii) carry out additional works not included in the Design and Construction Contract, the Company will notify the Contractor and the parties will discuss all implications of the proposed change (including the resulting time extensions and the compensation payable to the Contractor (if any)). The Company will issue a change order to the Contractor, which will specify the terms of agreement. Should the parties fail to reach an agreement on any change under (i) above, such change will not be implemented. Should the disagreement refer to any change under (ii) of the first sentence of this paragraph, the Company will be entitled to subcontract the execution of such additional works with a third party. In this case the Contractor will cooperate with such a third party to avoid any disruptions in the performance of the Contractor work. The Company is not entitled to direct (without the Contractor's agreement) any change order for a Company required change.

Contractor Proposed Changes. Any change proposed by the Contractor shall be considered in good faith by Company and is subject to the consent of the Company in its reasonable discretion. Any change not accepted by the Company shall not be implemented.

Payment and Performance Security

D&C Performance Security. Prior to the commencement of any D&C Contractor Work and as a condition to the commencement of the design work and the Owner's issuance of NTP 1, the Contractor is obligated to deliver to the Company the following items as security for the faithful and timely performance of the D&C Contractor Work and its other obligations under the Design and Construction Contract: (a) a performance bond in the amount of 50% of the Contract Price; and (b) a payment bond in the amount of 50% of the Contract Price. The performance bond and payment bond must comply with all requirements of the Design and Construction Contract and may each be provided in multiple forms that, in the aggregate, equal the respective required amount of the performance bond and payment bond. The performance bond and payment bond will provide that they may be transferred by the Company to the Owner, as beneficiary, with rights to draw upon or exercise other remedies thereunder if the Owner succeeds to the position of the Company under the Design and Construction Contract. The D&C Performance Security will be released to the extent permitted under the Development Agreement at the end of the applicable defects liability period.

Contractor Work Guarantee. As of the date of execution of the Design and Construction Contract, the Contractor provided an affiliate company guaranty to the Company, in the form, scope and substance agreed in the Design and Construction Contract, from Ferrovial US Construction Corp., whereby it guaranteed all of the obligations of the Contractor under the Design and Construction Contract.

Liquidated Damages

TSA Screening Area Direct Cost Payments. To the extent that the Company is obligated to pay direct costs regarding the TSA screening area to the Owner under the Development Agreement, the Contractor is obligated to pay or reimburse, as the case may be, to the Company such amounts.

Additional Liquidated Damages. The Contractor will pay the Company with respect to the D&C Contractor Work for which: (a) Phase 1 of Functional Area Readiness (including, for the avoidance of doubt, a failure to obtain governmental approvals not obtained as of Concession Space Readiness) has not been achieved by the relevant deadline therefor set forth in the work milestone schedule for such D&C Contractor Work (or such later date as agreed upon in writing by the parties or as amended pursuant to the Design and Construction Contract), the amount of \$53,500

per day of delay in respect of such deadline, (b) Phase 2 of Functional Area Readiness (including, for the avoidance of doubt, a failure to obtain governmental approvals not obtained as of Concession Space Readiness) has not been achieved by the relevant deadline therefor set forth in the work milestone schedule for such D&C Contractor Work (or such later date as agreed upon in writing by the parties or as amended pursuant to the Design and Construction Contract), the amount of \$6,100 per day of delay in respect of such deadline (plus any amounts that may be due pursuant to (a) above), (c) Phase 3 of Functional Area Readiness (including, for the avoidance of doubt, a failure to obtain governmental approvals not obtained as of Concession Space Readiness) has not been achieved by the relevant deadline therefor set forth in the work milestone schedule for such D&C Contractor Work (or such later date as agreed upon in writing by the parties or as amended pursuant to the Design and Construction Contract), the amount of \$17,700 per day of delay in respect of such deadline (plus any amounts that may be due pursuant to (a) and (b) above) and (d) Project Substantial Completion has not been achieved as of the relevant deadline therefor set forth in the work milestone schedule for such D&C Contractor Work (or such later date as agreed upon in writing by the parties or as amended pursuant to the Design and Construction Contract), the amount of \$156,300 per day of delay (plus any amounts that may be due pursuant to (a)-(c) above).

Payments by the Contractor will constitute liquidated damages for delays and combined with payments by Contractor for other damages, will be, in the aggregate, limited to a maximum amount equal to 15% of the contract price.

Defect Liability

Guarantee of D&C Contractor Work. The D&C Contractor Work, including all materials and equipment furnished as part of the D&C Contractor Work, must meet, among other things, all of the requirements set out in the Design and Construction Contract, the Development Agreement, the other Contract Documents and good industry practice.

Guarantee Period. The D&C Contractor Work defects liability period will be as specified in the Development Agreement and the Technical Requirements or, if not specified, a period of not less than one (1) year from (A) Concession Space Readiness for an area achieving the same, (B) in respect of a Functional Area (or other area), Functional Area Readiness of the same and (C) in respect of all other D&C Contractor Work, the earlier of (i) the Baseline Project Substantial Completion Date or (ii) with respect to the Project punch list items or any other work not otherwise completed as of Project Substantial Completion, from the Project Final Acceptance Date.

Indemnity

Indemnity by the Contractor. Subject to any limitations specified in the Design and Construction Contract, the Contractor is required to defend, indemnify and hold harmless the indemnified parties under the Development Agreement, the Company and its officers, employees, agents, representatives, successors and assigns from and against all losses incurred by the Company to the extent arising directly or indirectly out of or in connection with (i) the Contractor's breach of its obligations under the Design and Construction Contract or (ii) the negligent acts or omissions of the Contractor or its subcontractors performing any of the D&C Contractor Work, their respective employees, or anyone for whose acts the Contractor may be liable in connection with the D&C Contractor Work (in contract or at law).

Indemnity by the Company. Subject to any limitations specified in the Design and Construction Contract, the Company is required to defend, indemnify and hold harmless the Contractor and its officers, employees, agents, representatives, successors and assigns, from and against all losses to the extent arising directly or indirectly out of or in connection with or as a result of (i) the Company's breach of its obligations under the Design and Construction Contract or under the Development Agreement or (ii) the negligent acts or omissions of the Company or its subcontractors performing any obligations of the Design and Construction Contract or the Development Agreement, their respective employees or anyone for whose acts the Company may be liable in connection with the Design and Construction Contract or at Law.

Environmental Indemnity. In the event that (a) the Company is entitled to any rights and remedies against the Owner for pre-existing contaminated materials or contaminated materials generated by a third party pursuant to the Development Agreement and (b) the Contractor has incurred or will incur losses in respect of such contaminated

materials, the Company, to the fullest extent possible, will be required to duly pursue any right and remedy that it has under the Development Agreement in order to provide the Contractor with the benefits of such rights and remedies.

Limitation of Liability

Notwithstanding anything in the Design and Construction Contract to the contrary, the maximum aggregate liability of the Contractor to the Company pursuant to the Design and Construction Contract will in no event exceed 35% of the Contract Price. The limitations will exclude the Contractor's liability for (i) liquidated damages payable to the Owner for TSA screening area handover delays, (ii) the Contractor's fraud, willful misconduct and gross negligence and (iii) amounts received from insurance.

Except for liquidated damages or as otherwise expressly provided in the Design and Construction Contract, neither party will be will entitled to claim against the other party any consequential, incidental, punitive or exemplary damages or the loss of profits or similar damages.

Termination Rights

Owner Termination for Convenience and Company Default. If the Owner exercises its right to terminate the Development Agreement for convenience, the Company will have the right to terminate the Design and Construction Contract with immediate effect. Upon any such termination, the Contractor will be entitled to compensation from the Company including, among other things: (a) compensation for D&C Contractor Work already performed by the Contractor pursuant to the Design and Construction Contract for which it has not yet been compensated, (b) amounts incurred by the Contractor for goods ordered or subcontracts placed that cannot be cancelled without incurring losses, (c) demobilization costs and (d) expenditures incurred in anticipation of the provision of services or the completion of work in the future. The Company's compensation obligations will be limited to any recovery made in respect of such amounts from the Owner and without liability of the Company or the Owner for the Contractor's lost profits or business opportunity.

If the Owner terminates the Development Agreement prior to Project Final Acceptance as a result of a Company Event of Default (which is not principally attributable to the Contractor or any of its subcontractors or any other person for which it is responsible (in contract or at law)), the Company is required to compensate and hold the Contractor completely harmless for any losses or claims incurred by the Contractor as a result of such termination, not including any consequential, incidental, punitive or exemplary damages, loss of profits or like damages. The Contractor will be entitled to compensation to the extent the Losses are incurred under arrangements and/or agreements that are consistent with terms that have been entered into in the ordinary course of business and on an arm's length basis and to the extent such Losses are incurred in connection with the Project and in respect of the D&C Contractor Work.

If the Owner terminates the Development Agreement prior to Project Final Acceptance as a result of a Company Event of Default (for a reason principally attributable to the Contractor or any of its subcontractors or any other person for which it is responsible (in contract or at law)), the Contractor will be required to compensate the Company for any losses incurred by the Company as a result of such termination, which shall in no event include consequential, incidental, punitive or exemplary damages, loss of profits or like damages, but which shall include any equity invested in the Company and any amounts required to be paid by the Company to any financing party in respect of the financing of the Project and which is due and payable as a result of such termination.

In the event that the Owner terminates the Development Agreement prior to Project Final Acceptance as a result of a persistent Company noncompliance, and the occurrence of such persistent Company noncompliance is a result of the assessment of noncompliance points or breaches or failure to perform under the Development Agreement resulting from, in whole or in part, actions or omissions of the Contractor and the Company or any breach of their obligations hereunder, each party shall compensate the other party for any of the losses contemplated in the immediately preceding sentence to the extent of its proportionate share of the noncompliance points or breaches or failures to perform giving rise to such persistent developer noncompliance (the portion of such noncompliance points or breaches or failure to perform assessed or maintained as a result of the action, omission or breach noted in this sentence).

Termination by the Company. Subject to applicable cure periods, the Company has the right to terminate the Design and Construction Contract for certain defaults by the Contractor, including among other things (a) any material failure by the Contractor to perform any of its material obligations under the Design and Construction Contract and (b) the failure by the Contractor to achieve Project Substantial Completion on the Project Substantial Completion Long Stop Date. Prior to termination, upon the occurrence of an event of default, the Contractor will have certain cure periods for discrete events of default which are calculated based on a percentage of the cure period afforded to the Company under the Development Agreement. In the event that the Company terminates the Design and Construction Contract pursuant to the occurrence and continuance of a default by the Contractor, the Company will be entitled to any losses or claims it incurs as a result of such termination, not including consequential, incidental, punitive or exemplary damages, loss of profits or like damages but which will include any equity invested in the Company. In addition, the Company also has the right to terminate the Design and Construction Contract for convenience, in which case the Company must pay termination compensation to the Contractor, which includes (in addition to other payments related to work performed and other amounts) an amount equal to 12% of the portion of the Contract Price that is attributable to the work that has not yet been performed under the Design and Construction Contract and for which the Contractor shall not have received any compensation. For more information regarding the Company’s right to terminate, see Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE DESIGN AND CONSTRUCTION CONTRACT—Termination —*Termination by the Company.*”

Termination by the Contractor. Subject to applicable cure periods and the terms and provisions of the Design and Construction Contractor Direct Agreement between the Contractor, the Company and the Lenders, the Contractor has a right to terminate the Design and Construction Contract for certain defaults by the Company, including, among other things, (a) non-payment by the Company of any undisputed amount due under the Design and Construction Contract, for 90 days beyond the date such payment was due, (b) a breach by the Company of its material obligations under the Design and Construction Contract, (c) if during the term of the Design and Construction Contract the Company is entitled to terminate the Development Agreement due to the occurrence of a significant Delay Event, but elects not to exercise such right and (d) if the construction of the Project is suspended for a period of 105 consecutive days or 150 days in the aggregate.

In the event that the Contractor terminates the Design and Construction Contract, the Contractor will be entitled to termination compensation, which covers, among other things, compensation for D&C Contractor Work already performed by the Contractor pursuant to the Design and Construction Contract as of the date of the termination for which the Contractor has not yet been compensated and any other costs or losses arising directly from such termination, other than consequential, incidental, punitive or exemplary damages, loss of profits, or like damages. For more information regarding the Contractor’s right to terminate, see Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE DESIGN AND CONSTRUCTION CONTRACT—Termination —*Termination by the Contractor.*”

For a more detailed summary of the provisions of the Design and Construction Contract, see Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE DESIGN AND CONSTRUCTION CONTRACT.”

Proposed Amendments

The Company and the Contractor expect to enter into an amendment to the Design and Construction Contract on or before the Financial Close Date to, among other things:

- (i) provide for the payment of the Design Amount FC Payment in nine equal installments starting from the calendar month following the date on which NTP 1 is issued by the Owner and the withholding of Design Amount FC Payments until the occurrence of NTP 1;
- (ii) establish that the failure by the Contractor to achieve Project Substantial Completion by the date that is four months prior to the Project Substantial Completion Long Stop Date will constitute an

event of default by the Contractor and that there will be no cure period for such event of default; and

- (iii) include certain clarifications and technical changes, including certain work to be done for the interim office space.

Certain Other Project Related Agreements

The Financial Model Escrow Agreement

On July 26, 2017, the Company, the Owner and U.S. Bank National Association (the “**Escrow Agent**”) entered into an escrow agreement (the “**Escrow Agreement**”). The Escrow Agreement governs the joint deposit of certain escrowed materials by the Company and the Owner with the Escrow Agent and the conditions for the release of such escrowed materials. The term of the Escrow Agreement will continue until such time as all escrowed materials are released to the Company and the Owner upon receipt by the Escrow Agent of a certification from the Company and the Owner stating that (i) any escrowed materials shall be discarded or (ii) the Development Agreement has terminated in accordance with the provisions thereof and there are no outstanding claims or disputes under or related to the Development Agreement.

Mandatory Provisions for Concession Agreements

The Company will enter into concession agreements as part of its Concessions Program. The Development Agreement sets forth certain mandatory provisions that the Company must include in each such concession agreement. Such mandatory provisions include the Concessionaires’ acceptance of the premises “as is”, no warranty for economic viability of the premises by the Owner or the Company, the obligation of the Concessionaires to pay support space rent determined by the Company for the use of supports spaces, the obligation of the Concessionaires to pay a privilege fee equal to the sum of a certain minimum annual privilege fee and a percentage fee determined in each concession agreement and the obligation of the Concessionaires to pay a percentage fee equal to a certain percentage of the Concessionaires’ gross receipts, but only if such amount exceeds the minimum annual privilege fee for a contract year as negotiated in each agreement. The mandatory provisions do not include the amounts or percentages to be charged to Concessionaires, but establish that there will be charged to each Concessionaire a privilege fee or a percentage fee, as applicable. Mandatory provisions also include the Company’s right to perform audits and inspections, the Concessionaires’ obligation to obtain and maintain all permits and licenses for operations, the Concessionaires’ obligation to maintain a certain quality of the goods and services offered to the public, certain Concessionaires’ obligations in relation to personnel and training, obligations to comply with health and safety standards for Concessionaires, nondiscrimination provisions, airport security requirements, operating procedures and standards for Concessionaires, design and construction standards for Concessionaires, property damage provisions, requirements for the Concessionaires to comply with certain Airport policies and plans, such as regarding the use, possession or sale of alcohol or drugs, and acknowledgment of the Owner’s step in rights.

Letter Agreement related to Financial Close Distributions

The Equity Participants are expected to enter into, and the Company and HoldCo are expected to acknowledge, a Letter Agreement related to Financial Close Distributions (the “**Letter Agreement**”) on or about the Financial Close Date. Pursuant to such Letter Agreement, the following reimbursements, distributions and payments are permitted to be made to each of the Equity Participants on or within 120 days after the Financial Close Date: (i) Ferrovial Airports Great Hall Partners LLC (or one of its affiliates) in an amount of \$12,519,574.68 and (ii) S/JLC, LLC in an amount of \$2,573,909.48. The payment of such amounts will not be subject to the Distribution Conditions.

Technical Services Agreement

The Company has entered into a Technical Services Agreement (the “**Technical Services Agreement**”) with Ferrovial Aeropuertos España, S.A. (the “**Provider**”), a company incorporated in accordance with the laws of Spain, for the provision of advisory services to the Company.

Term

The term of the Technical Services Agreement will begin on the date of the Development Agreement and terminate on the second anniversary of the Project Substantial Completion Date, subject to earlier termination for breach, bankruptcy, sequestration or other enforceable process that materially adversely affects any party's ability to perform its obligations, mutual agreement of the parties or if the Provider ceases to hold at least a 20% interest in the Company or to be its largest shareholder.

Services

The services under the Technical Services Agreement will be performed by the Provider or any of its affiliates involved in the provision of services of the type to be rendered by the Provider. The scope of the services under such Technical Services Agreement includes provision of best practices advice and data services, such as provision of technical and airport management advice, analysis of statistical data and business performance indicators, access to know-how, assistance in designing airport risk management practices, quarterly site visits to review progress and priorities, business planning services such as participation in the preparation of the annual business plan and annual review of the long term business plan, financial modeling valuations, assistance in the design of performance measurements tools to improve business efficiency, review and analysis of airport's performance and comparison thereof, and commercial services, such as support in the preparation of commercial strategy plans, assistance in the implementation of a commercial mix and in the procurement process, analysis and selection of tenants and proposal of an audit methodology to track compliance by tenants.

Fees

The Company will pay the Provider a flat annual fee of \$200,000 and a performance fee for the services performed under the Technical Services Agreement. The performance fee is capped to 200% of the flat fee applicable for the same financial year.

Liability

The Provider's liability to the Company under the Technical Services Agreement in respect of the total of any loss of, or damage to, property or arising from personal injury or any other direct loss and any direct fines or penalties levied by a third party, is limited to the actual amount of fees paid to the Provider during the 12 months immediately preceding the respective claim. The foregoing does not apply to the extent of fraud, unlawful acts, gross negligence, willful misconduct or willful default of the Provider or any of its affiliates.

CONSULTANTS REPORTS

The following is a summary of selected provisions of certain feasibility studies and reports related to the Project and is not a full statement of the terms of such documents. Accordingly, the following summary is qualified in its entirety by reference to and is subject to the full text of each of such reports.

Overview of Reports

The Project Consultant report related to the Bonds (the “**Project Consultant Report**”) was delivered pursuant to ICF’s (“**ICF**”) engagement by the Company. ICF was engaged to provide certain assistance to the Company in connection with the pre-development agreement period, the refinement and expansion of the model for the concession development and management plan for the Great Hall Project, certain commercial strategy and branding, and the preparation and delivery of the Project Consultant Report. Infrata was engaged to prepare the Lenders’ Technical Advisor Report, and prepared a technical report dealing with the contractual and construction aspects of the Project, intended to highlight issues considered to have significant commercial implications in relation to the risk to which the prospective lenders may be exposed.

Project Consultant Report (ICF)

The following is a summary of selected provisions of the Project Consultant Report and is not a full statement of the terms of such Report. Accordingly, the following summary or excerpt is qualified in its entirety by reference to and is subject to the full text of such report, which is attached hereto as Appendix H. Without limiting the generality of the foregoing, the Report is expressly subject to the qualifications, assumptions made, procedures followed, matters considered and any limitations on the scope of work contained therein. Investors should note that this summary, and the attached report, is provided as of the date set forth therein, and does not contemplate any event, circumstances or changes with respect to the Project in any or otherwise after such date however, the consultants have not received any information that cause them to change in any material way the reports or the conclusions set forth there. The liability of ICF for any loss, damage, cost or expense suffered or incurred by all persons or entities and for all claims respecting its work performed in connection with the Project is hereby limited in respect of contractual claims by the Company in the aggregate to twice the amount of fees actually paid to ICF in connection with the Project; except to the extent that such liability result from the willful misconduct, recklessness, fraud or gross negligence of ICF.

Investors should note that from time to time ICF provides similar consulting services to the Airport, either directly or indirectly. In particular, ICF has provided sub-consulting services to the Airport's consultant with for work in connection with the Airport's anticipated 2018 bond issuance.

Certain of the information included in the Project Consultant Report and in the following summary is based on assumptions regarding the financing, including the terms thereof and the sources and uses of funds for the Project, made as of July 26, 2017, the date of the Company’s execution of the Development Agreement. Such assumptions have not been updated at any time subsequent to such date and may have materially changed since such date. Investors should refer to “PROJECTED SOURCES AND USES OF FUNDS AND PROJECTED FINANCIAL INFORMATION” and the summaries of the terms and conditions of the financing documents in “FINANCING FOR THE PROJECT,” “PROJECT ACCOUNTS AND FLOW OF FUNDS,” “SECURITY FOR THE BONDS,” Appendix D—“SUMMARY OF CERTAIN TERMS OF THE COLLATERAL AGENCY AGREEMENT,” Appendix E—“SUMMARY OF CERTAIN TERMS OF THE INDENTURE” and Appendix F—“SUMMARY OF CERTAIN TERMS OF THE LOAN AGREEMENT” as set forth in this Official Statement for updated information regarding the Company’s expectations in respect of the same as of the date of this Official Statement subject, in each case, to the provisions of this Official Statement.

Overview

ICF prepared the Project Consultant Report, dated September, 15, 2017, on behalf of the Company. ICF’s projections and forecasts of the volume of passengers, operating cash flows and EBITDA included therein were

prepared to assist the Company in evaluating the market, project analysis, and financial projections used to develop the business plan for the Project.

In preparing its passenger volume projections in the Project Consultant Report, ICF took into account existing passenger traffic data from the U.S. Department of Transportation, the Federal Aviation Administration, the Official Airline Guide, Innovata Airline Schedules, Airport Revenue News, the Denver International Airport as well as other commercial information and documents provided by the Company and its consultants. Utilizing such data, ICF developed a passenger forecast methodology that combined bottom-up and top-down forecasts. Short term international traffic growth was projected based on airline route level analysis, with a focus on origin and destination (“O&D”) routes. This included analysis of current service gaps in the Denver market and expected growth in O&D demand. ICF then used long term U.S. domestic economic growth projections to develop an econometric forecast. Next, constraints were placed on the forecast based on the limitations understood of the physical terminal space and the inter-terminal air-train system. The following key assumptions were also made:

- the share of connecting passengers at the Airport will remain constant;
- the Airport will continue to operate as a key hub airport for the U.S.;
- the share of international flights, as compared to domestic flights, will increase; and
- Gross Regional Product for the Denver area will grow at a rate of 2.2% per year.

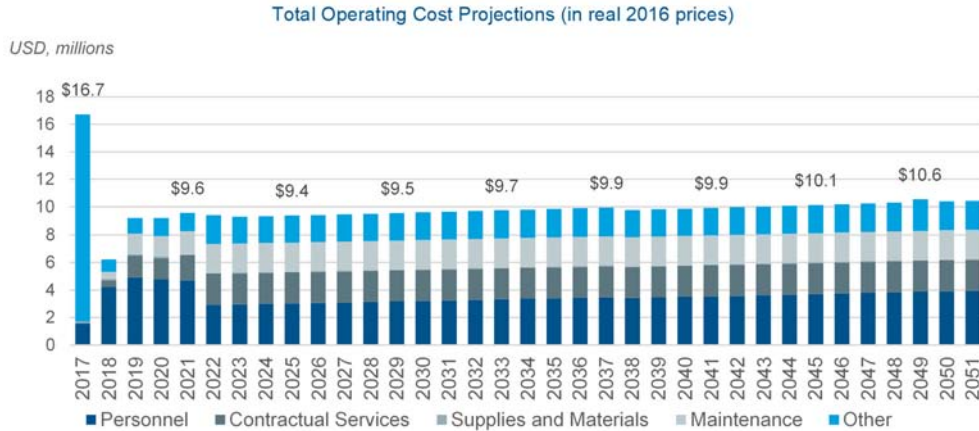
For purposes of forecasting operating cash flows and earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) for the Project, ICF developed a commercial spend rate model by analyzing passenger spend rates at certain U.S. airports and adjusting such rates based on the performance of airports having similar commercial space characteristics to the Project. The commercial spend rate assumptions were then applied to ICF’s passenger volume projections in order to produce revenue forecasts for the Project. With respect to Project costs, design and phasing, operating costs, and debt service requirements, ICF relied on estimates from the Company and its consultants. When combined with revenue forecasts, ICF produced operating cash flow and EBITDA estimates for the Project through the year 2051.

The following summary of the EBITDA and operating forecasts related to the Project is based upon projected information and data (financial and otherwise), and other forward-looking information, that may or may not occur or prove to be accurate. Such projected and forward-looking information is based on current expectations and projections about future events which are beyond the control of ICF, the Company or any other participant in the Project, and such projections and information can be affected by inaccurate assumptions. While these projections and information were prepared in good faith, no assurance can be given as to the accuracy or adequacy of such projections and information, or the assumptions underlying such projections and information.

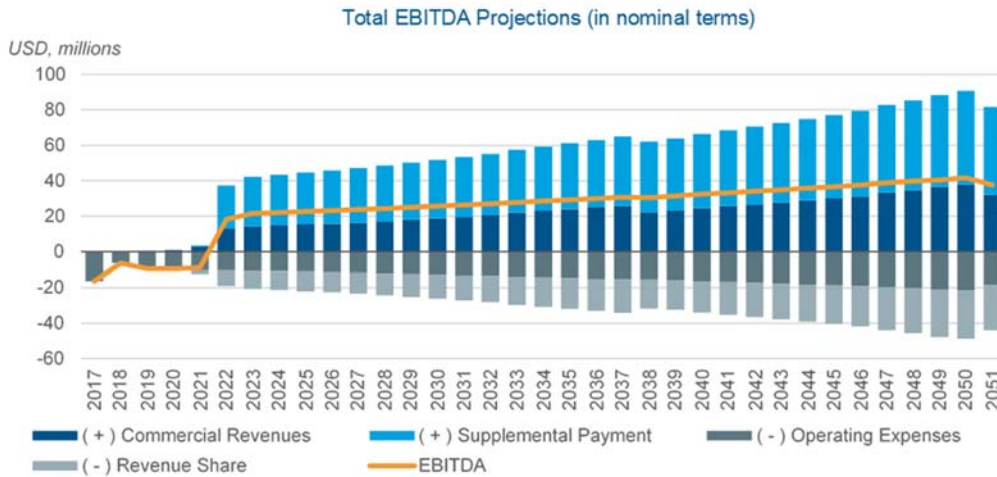
Conclusions

The EBITDA projections for the Company shows steady growth following the opening of the proposed commercial space through the year 2051. Despite expectations of sales dilution in the Project area due to proposed concourse expansion and the construction of a new terminal, the deal structure balances these factors to maintain steady EBITDA growth and an average EBITDA margin of 48.5% from 2022-2051. The following graphs summarizes the forecasted operating costs and EBITDA from the study.

Projected Operating Costs:



Projected EBITDA:



Source: ICF, the Developer

For a complete copy of the report, see Appendix H—“PROJECT CONSULTANT REPORT (ICF).”

Technical Advisor Report (Infrata)

The following is a summary of selected provisions of the Technical Advisor Report and is not a full statement of the terms of such Report. Accordingly, the following summary or excerpt is qualified in its entirety by reference to and is subject to the full text of such report, which is attached hereto as Appendix I. Without limiting the generality of the foregoing, the Report is expressly subject to the qualifications, assumptions made, procedures followed, matters considered and any limitations on the scope of work contained therein. Investors should note that this summary, and the attached report, is provided as of the date set forth therein and does not contemplate any event, circumstances or changes with respect to the Project or otherwise after such date however, the consultants have not received any information that cause them to change in any material way the reports or the conclusions set forth there. The liability of Infrata for any loss, damage, costs or expenses suffered or incurred by all persons or entities and for all claims respecting its work performed in connection with the Project is hereby limited in respect of contractual claims by the

Company to and will not exceed in aggregate the total of \$1,345,500, subject to any limitations set forth in the relevant contracts.

Infrata prepared the Lenders' Technical Advisor Report, dated November 2017, which reviewed the Project risks and, in particular, those risks that could be material to the Lenders' interests and assessed the adequacy of the mitigating measures proposed by the Company. Recipients of this summary may only rely on the full Lenders' Technical Advisor Report.

Overview

Infrata was engaged in July 2017 to act as the Lender's Technical Advisor. In connection with such appointment, Infrata has, among other things, prepared the Lenders Technical Advisor Report which reviewed and discussed several components of the Project, including but not limited to: (i) Principal Project Contracts, (ii) the security package for the Project, (iii) payment mechanism, (iv) environmental and permitting issues, (v) design and construction, (vi) the construction schedule, (vii) operations and maintenance, (viii) project costs, (ix) traffic forecasts and (x) the commercial plan. Certain key conclusions made by Infrata related to these areas of review are detailed below.

This summary of the Lenders' Technical Advisor Report, information contained herein and any statements contained within are all based upon information provided to Infrata, and obtained from proprietary data purchased or information provided by the Company and from publicly available information or sources, in the course of evaluations of the Project. Infrata provides no assurance as to the accuracy of any such third-party information and bears no responsibility for the results of any actions taken on the basis of the third-party information contained in the Lenders' Technical Advisor Report.

Certain forward-looking statements are based upon interpretations or assessments of best available information at the time of writing. Actual events may differ from those assumed, and events are subject to change. Findings are time-sensitive and relevant only to current conditions as of October 16, 2017.

Factors influencing the accuracy and completeness of the forward-looking statements may exist that are outside of the purview of Infrata. Infrata makes or provides no warranty, whether implied or otherwise, as to the accuracy of the forward-looking information presented, nor does it take any responsibility or bear any liability whatsoever as to the actions taken by others, including third parties, based upon the forward-looking statements made in its Lenders' Technical Advisor Report. The Lenders' Technical Advisor Report is thus to be viewed as an assessment that is time-relevant, specifically referring to conditions at the time of review.

Contractual Conclusions

Infrata has concluded that the Development Agreement is in line with North American precedents of similar projects. The Development Agreement's features and risk allocation have been widely accepted by the financial community, and have been tested on previous transactions that have reached financial close. As a result, Infrata did not consider the Company to be exposed to any significant undue risks.

In addition, Infrata has determined that the Design and Construction Contract offers adequate protection to the Company from those risks associated with compliance with their obligations under the Development Agreement, to the extent such risks relate to the D&C Work.

Security Package

In terms of the security package for the Project, Infrata's analysis shows that the overall liability of the Contractor, including maximum assumed liquidated damages for estimated delays, in the event of termination and replacement, is as high as US \$171 million (i.e. approximately 26.4% of the Contract Price). In addition, Infrata determined that the cap on the Contractor liability under the Design and Construction Contract is sufficient to accommodate a replacement of the Contractor as well as delays to completion longer than the Project Substantial Completion Long Stop Date included in the Development Agreement. As such, Infrata indicated that the cap on

liability and liquid security is consistent with its expectations, even when considering an aggressive set of assumptions and, therefore appropriate and adequate for the Project.

Payment Mechanism

Infrata has reviewed the application of performance deductions resulting from noncompliance events, and determined the contractual mechanism in place to be comprehensible for the delivery of the operation and maintenance services. In particular, Infrata has noted that noncompliance events associated with other categories of failure, such as the management of Concessions, are not assigned any monetary deduction; rather only those relating to technical performance produce monetary deductions. As such, Infrata has concluded that the risk of deductions is considered low for the Project.

Environmental, Permits and Approvals

Infrata concluded that the provisions related to hazardous substances in the Project right-of-way are typical of U.S. public-private partnership agreements. Infrata has also determined that the allocable costs are comprehensive and cover all reasonable costs that the Company is likely to incur as a result of dealing with hazardous materials.

Design and Construction

Infrata reviewed the prevalent requirements for the design and construction works and found such requirements to be comprehensive and reflective of the scope of the Project. Infrata concluded that the risk the Company will fail to properly complete or deliver the scope of works is considered lower than normal when comparing Projects of a similar scope.

Infrata noted that the addition of several layers of Scope Documents may increase the risk of misunderstanding in the proposed design solution. However, this is offset by contractual order of precedence to design documents in the Development Agreement and dispute resolution provisions therein. For example, although the Executive Design Review Process contemplates a condensed window for the Owner to select its preferred design for some of the more iconic architectural elements of the Project, failure to reach a decision within the periods specified should give rise to a Compensation Event.

Construction Schedule

Infrata reviewed the requirements within the Development Agreement for the submittal of a baseline construction schedule and its framework of specified turnover dates, commencement dates and construction deadlines. Infrata determined that the requirements were suitable in assuring adherence from both the Company and the Owner to a delivery program for which the largest constraint is the integrity of on-going Airport operations.

Infrata concluded that the approach adopted by the Company in the development of the schedule to date is considered suitable, as are the Company's proposals for development of its final schedule. The assumptions regarding working hours, logistics and planning are considered appropriate. The sequence of works at the summary activity level are both logical and within expectations.

Due to the limited information provided on individual activities, Infrata was unable to carry out a proper review of the estimated durations at this stage, or the provision programmed interface between individual Contractor activities and other Terminal Improvement works. However, based upon the known volume of works for each phase, Infrata considered the durations appropriate in comparison to one another and from a high-level perspective.

Operations and Maintenance

Infrata reviewed the contractual requirements for the operations and maintenance phase of the Project and found such requirements to be comprehensive and that the boundaries of responsibility between the Company and the Owner were clearly defined.

Infrata also noted that the provisions for handback were not punitive, and the rolling mechanism for the Major Maintenance Reserve Account provides extra security in ensuring provision from the revenues for forecast renewals. Infrata concluded that from a lifecycle perspective, the scope of renewal work is standard and that the Company has followed a suitable approach in calculation of the cost allowance for the duration of the operating period.

Project Costs

Infrata conducted a review to verify the estimates and robustness of the cost estimates of the Company related to the Project, with a particular focus on Project lifecycle costs and operational expenses.

Infrata concluded that the proposed capital expenditures are within range of projects with a similar scope and consider the capital expenditure estimate of the Company appropriate. Moreover, Infrata assessed the robustness of the cost estimation approach of the Company, as well as the assumptions therein regarding useful life, replacement intervals and cost ratios, and considered such estimates typical and reasonable. Concerning operational costs, Infrata noted that the limited operation and maintenance scope of the Project reduces operational expenditures compared to similar airport projects.

Traffic Forecast

Upon review of ICF's methodology and assumptions, Infrata concluded that the traffic forecasts contained in the Project Consultant Report are reasonable. ICF's forecasts project modest growth at a level expected of a major U.S. domestic airport hub in a mature market. Infrata noted that the key risks associated with the Project Consultant Report include (i) economic growth assumptions, (ii) demand elasticity assumptions in the Denver market, (iii) the development of a new terminal separate from the Project and (iv) changes to the airlines currently utilizing Denver as a hub airport.

Commercial Plan

Infrata reviewed the commercial plan and the complex forecasts of commercial sales and revenue in the Project Consultant Report. Infrata considered such revenue forecasts reasonable when taking into account the various potential opportunities for growth, including the increased commercial space, optimized floorplans and an optimized commercial brand mix. Infrata also noted that the shifting of commercial activity space within the Great Hall will be a key driver of revenue for the Project.

For a complete copy of the report, see Appendix I—"TECHNICAL ADVISOR REPORT."

CONTINUING DISCLOSURE OF INFORMATION

Company Continuing Disclosure Agreement

Pursuant to the Company Continuing Disclosure Agreement, to be dated as of December 1, 2017, by the Company (the "Company Continuing Disclosure Agreement"), the Company has made the following agreement for the benefit of the Beneficial Owners of the Bonds. Under such agreement, the Company will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB. This information will be publicly available on the MSRB's EMMA website at www.emma.msrb.org. *Please note that the website address is included herein as an active textual reference only, and the information contained on (or accessed through) this website is not incorporated herein and should not be construed as part of this Official Statement.*

Provision of Reports

(a) For each Fiscal Year, the Company will, or will cause the Dissemination Agent to, (i) file with the MSRB through EMMA and (ii) provide copies thereof to the Trustee:

(i) (A) during the Construction Period, as soon as available and, in any event, within 45 days after the end of each fiscal quarter of the Company and (B) thereafter, as soon as available and, in any event, within 45 days after the end of each fiscal quarter of the Company's Fiscal Year, unaudited consolidated financial statements, including an unaudited balance sheet and an unaudited statement of income, and certified by the president, chief financial officer or treasurer of the Company to present fairly in all material respects the financial condition, results of operations and other information reflected therein and to have been prepared in accordance with GAAP (subject to normal year-end audit adjustments and the absence of notes);

(ii) as soon as available, and in any event no more than 140 days after the close of each Fiscal Year:

(A) the annual audited financial statements of the Company, unless any such audited financial statements are not available by such time, in which case the unaudited annual financial statements shall be provided and the audited financial statements will be delivered to the MSRB through EMMA when available;

(B) at the same time as the provision of the financial statements described in (A), a certificate of the auditors of the Company setting forth that they have examined such statements and have conducted a general review of accounting procedures and such tests of accounting records and other supporting evidence as they consider necessary and confirming that in their opinion such statements present fairly in all material respects the financial position of the Company and the results of its operations for the Fiscal Year reported on and have been prepared in accordance with GAAP (which certificate shall detail, to the extent applicable, the existence of any "going concern" or like qualification or exception); and

(C) at the same time as the provision of the financial statements described in (A), copies of, to the extent delivered, management letters, delivered by such accountants in connection with such financial statements;

(iii) simultaneously with the delivery of each set of audited financial statements or unaudited financial statements referred to in (i) and (ii) above, a certificate of an officer of the Company, which states that no default in respect of a Loan Agreement Event of Default or Loan Agreement Event of Default has occurred and is continuing or, if any default in respect of a Loan Agreement Event of Default or Loan Agreement Event of Default has occurred and is continuing, a statement as to the nature thereof and what action the Company proposes to take with respect thereto.

(b) The Company has agreed to, or to cause the Dissemination Agent to, (i) file with the MSRB through EMMA and (ii) provide to the Trustee:

(i) beginning with the commencement of construction of the Project and during the Construction Period, monthly construction progress reports delivered within 45 days after the end of each monthly period, which progress reports shall (i) provide an assessment of the overall construction progress of the construction work since the date of the last report (or, with respect to the first such report, Closing Date), together with an assessment of how such progress compared to the Project schedule setting forth a reasonable estimate as to the completion date for the applicable construction work, and (ii) provide a reasonably detailed description of any material delays encountered or anticipated in connection with such construction work and a reasonably detailed description of the proposed course of action with respect to such delay;

(ii) during the operations and maintenance phase of the Project, not later than 90 days after the end of each fiscal quarter of the Company's Fiscal Year occurring after the Project Substantial Completion Date, the Company will deliver to the Collateral Agent and the Trustee a report showing (i) the operating data for the Project for the year to date, including total Project Revenues (with reasonable detail as to the amount of Concessions Revenues, Supplemental Payments and any Payment Deduction that discounts a Supplemental Payment in its entirety, total Operations and Maintenance Expenses incurred, and total Capital Expenditures incurred, (ii) the variances for such periods between the actual Project Revenues and the budgeted Project Revenues and the actual Operations and Maintenance Expenses and Capital Expenditures incurred and the budgeted Operations and Maintenance Expenses and Capital Expenditures, together with a brief narrative explanation of the reasons for any such variance of 20% or more, and (iii) if a Loan Agreement Event of Default exists, such other operating information as the Trustee or the Collateral Agent may reasonably request; and

(iii) notice of any Event of Default under the Loan Agreement at the same time as the Company is required to deliver notice to the Trustee and the Collateral Agent.

(c) If the Company changes its Fiscal Year, it will notify EMMA, the Dissemination Agent and the Trustee of the change (and the date of the new Fiscal Year end) prior to the next date by which the Company otherwise would be required to provide financial information and operating data pursuant to the Company Continuing Disclosure Agreement.

(d) Any or all of the items listed above may be incorporated by reference from other documents, including Official Statements of debt issues with respect to which the Company is an "obligated person" (as defined in Rule 15c2-12), which have been filed with the MSRB through EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final Official Statement, it must be available from the MSRB. The Company or the Dissemination Agent (at the direction of the Company), as applicable, will clearly identify each such other document so incorporated by reference.

(e) If the Company is unable to provide or cause to be provided the information detailed above by the applicable specified dates, the Company has agreed to (or to cause the Dissemination Agent to), in a timely manner, send a notice in substantially the form attached to the Company Continuing Disclosure Agreement to the MSRB.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Company is an "obligated person" (as defined in Rule 15c2-12), which have been filed with the MSRB by and through EMMA or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Company or the Dissemination Agent (at the direction of the Company), as applicable, shall clearly identify each such other document so incorporated by reference.

If the Company is unable to provide or cause to be provided the annual information required by the applicable specified dates, the Company shall (or shall cause the Dissemination Agent to), in a timely manner, send a notice of such failure to the MSRB.

Reporting of Material Events

(a) The Company has agreed to give, or cause to be given, notice to (i) EMMA and (ii) the Trustee, in a timely manner not in excess of ten (10) Business Days after the occurrence of the event, notice of the occurrence of

any of the events referred to in paragraph (b)(5)(C) of Rule 15c2-12, which as at the date of the Company Continuing Disclosure Agreement consist of the following events with respect to the Bonds (or, in the case of paragraphs (13) or (14) below, the Company):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) any unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit facilities reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of the holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Company;
- (13) the consummation of a merger, consolidation, or acquisition involving the Company or the sale of all or substantially all of the assets of the Company, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Amendments

(a) Notwithstanding any other provision of the Company Continuing Disclosure Agreement, the Company may, by notice to the Trustee, amend the Company Continuing Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Company to the extent that such amendment does not adversely affect the Trustee) or waive any provision thereof, provided that the following conditions are satisfied:

(i) if the amendment or waiver relates to "Provision of Annual Reports and Quarterly Reports" or "Reporting of Material Events" of the Company Continuing Disclosure Agreement, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, type of operation or status of the Company with respect to the Bonds, or type of business conducted;

(ii) the undertakings in the Company Continuing Disclosure Agreement, as proposed to be amended or waived, would, in the opinion of Bond Counsel, have permitted an underwriter to purchase or sell the Bonds in a primary offering of the Bonds in compliance with the requirements of Rule 15c2-12 at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any change in circumstances; and

(iii) the proposed amendment or waiver either (i) is approved by the Beneficial Owners in the manner provided in the Indenture for amendments to the Indenture with the consent of the holders of a majority in the aggregate principal amount of the then outstanding Bonds, or (ii) does not, in the opinion of the Trustee, Bond Counsel, or other qualified counsel, materially impair the interests of the holders of the Bonds.

(b) In the event of any amendment to the type of financial or operating data provided in an annual, quarterly or monthly disclosure provided pursuant to the "Provision of Annual Reports and Quarterly Reports" in the Company Continuing Disclosure Agreement, or any change in accounting principles reflected in any annual report pursuant to the provisions of the Company Continuing Disclosure Agreement, the annual, quarterly or monthly financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(c) If a material amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to EMMA.

Owner Continuing Disclosure Agreement

Pursuant to the Owner Continuing Disclosure Agreement, to be dated as of December 1, 2017, by the Owner, the Owner has made the following agreement for the benefit of the Beneficial Owners of the Bonds. Under such agreement, the Owner will be obligated to provide certain updated financial information and operating data annually to the MSRB. This information will be publicly available on the MSRB's EMMA website at www.emma.msrb.org. *Please note that the website address is included herein as an active textual reference only, and the information contained on (or accessed through) this website is not incorporated herein and should not be construed as part of this Official Statement.*

Annual Disclosure

The Treasurer will provide annually to the MSRB within 270 days after the end of the Owner's Fiscal Year, commencing with the Fiscal Year ending December 31, 2017, annual financial information and operating data in accordance with provisions of Section (b)(5)(i) of Rule 15c2-12, as follows:

(i) audited annual financial statements for the Airport System prepared in accordance with accounting standards promulgated by the Governmental Accounting Standards Board;

(ii) financial information and operating data with respect to the Owner, the Airport System and any Obligated Person substantially similar to the type set forth under the following headings of Appendix G of this Official Statement (1) fund balances of the Capital Fund under the heading "FINANCIAL INFORMATION — Capital Fund," (2) the table under the heading "CAPITAL PROGRAM — 2018-2022 Capital Program," (3) the tables titled "Enplaned Passengers by Airline Type," "Percentage of Enplaned Passengers by Airline Type," and "Percentage of Enplaned Passengers by Airline" under the heading "AVIATION ACTIVITY AND AIRLINES — Aviation Activity," (4) the tables titled "City and County of Denver Airport System Statement of Revenues, Expenses and Change in Net Assets," "Outstanding Senior Bonds," and "PFC Revenues," under the heading "FINANCIAL INFORMATION — Historical Financial Information" and (5) the table under the heading "FINANCIAL INFORMATION — Management's Discussion and Analysis of Financial Performance — Senior Credit Facility Obligations." Such data may be included as part of the annual financial statements delivered pursuant to paragraph (i) above.

"Obligated Person" means the Owner, and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part

of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Gross Revenues of the Airport System for each of the prior two Fiscal Years of the Owner. The Owner is currently the only Obligated Person. If any future Obligated Person is required by federal law to file SEC Reports with the Securities and Exchange Commission, the Owner and the Treasurer take no responsibility for the accuracy or completeness of such SEC Reports or other annual financial information disseminated by any future Obligated Person. Unless no longer required by Rule 15c2-12 to do so, the City and the Treasurer will use their reasonable best efforts to cause any future Obligated Person (to the extent such future Obligated Person is not otherwise required under federal law to file SEC Reports), to disseminate annual financial information substantially equivalent to that contained in the SEC Reports to the MSRB, through EMMA, as contemplated by clause (iii) above. Any change in Obligated Persons will be reported by the Treasurer in connection with the annual financial information. The Owner and the Treasurer have no obligation to file or disseminate any SEC Reports relating to another Obligated Person.

If the audited financial statements to be filed are not available by the date of the required filing, the Treasurer may instead file unaudited statements by such date and file audited statements when available. If any of the tables listed in clause (ii) above reflect information that is no longer calculated and available or relevant because of changes in operations, the Treasurer will provide notice of such change in the first annual disclosure filing after such changes are undertaken; the format of the tables may also be altered.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Owner is an "obligated person" (as defined in Rule 15c2-12), which have been filed with the MSRB by and through EMMA or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Owner shall clearly identify each such other document so incorporated by reference.

If the Owner is unable to provide or cause to be provided the annual information required by the applicable specified dates, the Owner shall, in a timely manner, send a notice of such failure to the MSRB.

Reporting of Material Events

The Treasurer will provide in a timely manner not in excess of 10 Business Days following the occurrence of the event, to the MSRB notice of the occurrence of any of the following events with respect to the Bonds:

- (i) bankruptcy, insolvency, receivership or similar event of the Owner; and
- (ii) the consummation of a merger, consolidation, or acquisition involving the Owner or the sale of all or substantially all of the assets of the Owner, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

Amendments

The Owner may amend the Owner Continuing Disclosure Agreement or waive any provision thereof, if:

- (i) such amendment occurs prior to the actual original issuance and delivery of the Bonds and the Underwriters consent thereto;
- (ii) such amendment is consented to by the Beneficial Owners of no less than a majority in aggregate principal amount of the Bonds obtained in the manner prescribed by the Indenture; or
- (iii) such amendment or waiver is otherwise required by Rule 15c2-12 or permitted by Rule 15c2-12 without consent of the Beneficial Owners of the Bonds. Written notice of any such amendment or waiver will be provided by the Treasurer to the MSRB, and the annual disclosure will explain the reasons for the amendment and the impact of any change in the type of information being provided.

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Series 2017 Bonds and the exclusion of the interest on the Series 2017 Bonds from gross income for federal income tax purposes will be subject to the approving opinion of Greenberg Traurig, LLP, as Bond Counsel. See Appendix M—“FORM OF BOND COUNSEL OPINION.” Certain legal matters will be passed upon for the Issuer by its counsel von Briesen & Roper S.C., for the Company by its counsel, Gibson, Dunn & Crutcher LLP and Holland & Hart LLP, for the Owner by its counsel, Nossaman LLP, and by Kristin M. Bronson, Esq. City Attorney. Certain legal matters will be passed upon for the Underwriters by Ashurst LLP.

The various legal opinions to be delivered concurrently with the delivery of the Series 2017 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

In the opinion of Greenburg Traurig, LLP, as Bond Counsel, assuming the accuracy of certain certifications and compliance with certain covenants of the Issuer and the Company designed to assure compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "**Code**"), the interest on the Bonds is excludable gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is held by a "substantial user" of one or more of the Projects or a "related person" within the meaning of Section 147(a) of the Code. Interest on the Bonds is an item of tax preference under the Code for purposes of determining the alternative minimum tax imposed on individuals and corporations. Interest on Bonds held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

Bond Counsel has not undertaken to advise in the future whether any events after the date of execution and delivery of the Bonds may affect the federal tax status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations with "excess net passive income," individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel expresses no opinion as to any such collateral tax consequences. Purchasers of Bonds should consult their own tax advisors as to such collateral tax consequences.

The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereupon to remain excludable from the gross income of the owners of the Bonds for federal income tax purposes. The Company will covenant to comply with such requirements in the Loan Agreement and the Issuer will covenant in the Indenture to comply with such requirements, to the extent of its control over investment or use of proceeds of the Bonds and of its own actions. Noncompliance with such requirements may cause interest on the Bonds to be required to be included in the gross income of the owners of the Bonds for federal income tax purposes, retroactive to the date of issuance of the Bonds. Bond Counsel has not undertaken to advise in the future whether any events after the date of execution and delivery of the Bonds may affect the federal tax status of the interest on the Bonds.

A form of the opinion of Bond Counsel is attached hereto as Appendix M. A copy of such opinion will be available at the time of the initial delivery of the Bonds.

Original Issue Premium and Discount

Certain of the Bonds may be offered and sold to the public at a price in excess of the amount payable at maturity, in the case of a Premium Bond not subject to optional redemption (the "**Noncallable Premium Bonds**"), or their earlier call date in the case of the Premium Bonds subject to optional redemption (the "**Callable Premium Bonds**"). Under the Code, the difference between the amount payable at maturity of the Noncallable Premium Bonds and the tax basis to the purchaser and the difference between the amount payable at the call date of the Callable Premium Bonds that minimizes the yield to a purchaser of a Callable Premium Bond and the tax basis to the purchaser (other than a purchaser who holds a Noncallable Premium Bond or Callable Premium Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) is "bond premium." Bond premium is amortized for federal income tax purposes over the term of a Noncallable Premium Bond and over the period to the call date of a Callable Premium Bond that minimizes the yield to the purchaser of the Callable Premium Bond. A purchaser of a Noncallable Premium Bond or Callable Premium Bond is required to decrease his adjusted basis in the Premium Bond by the amount of amortizable bond premium attributable to each taxable year he holds the Premium Bond. The amount of amortizable bond premium attributable to each taxable year is determined at a constant interest rate compounded actuarially. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of the Noncallable Premium Bond or Callable Premium Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Noncallable Premium Bond or Callable Premium Bonds and with respect to the state and local consequences of owning and disposing of Noncallable Premium Bond or Callable Premium Bonds.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2017 Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2017 Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2017 Bonds from gross income for federal or state income tax purposes, or otherwise. In this regard, there have been various proposals in recent years that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code for taxpayers whose income exceeds certain thresholds. In addition, there is legislation currently pending in Congress which, if enacted, would significantly change the individual and corporate income tax rates and eliminate the alternative minimum tax for corporations and increase the exemption amount with respect to individual alternative minimum tax (at least for a period of years) effective for tax years beginning after 2017. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the Series 2017 Bonds. Prospective purchasers of the Series 2017 Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Series 2017 Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2017 Bonds may affect the tax status of interest on the Series 2017 Bonds. Bond Counsel expresses no opinion as to any federal, state, local or foreign tax consequences with respect to the Series 2017 Bonds, or the interest thereon, if any action is taken with respect to the Series 2017 Bonds or the proceeds thereof upon the advice or approval of other counsel or otherwise. See “RISK FACTORS—Risks Relating to Tax Matters.”

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Bonds, under certain circumstances, to “backup withholding” at the rates set forth in the Code, with respect to payments on the Bonds and proceeds from the sale of Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Bonds. This withholding generally applies if the owner of Bonds (i) fails to furnish the payor such owner’s social security number or other taxpayer identification number (“TIN”), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner’s securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

NO LITIGATION

The Issuer

From time to time the Issuer receives inquiries and requests for documents and information pertaining to unrelated bond issues from various regulatory agencies, including the Securities and Exchange Commission, and in connection with audits by the Internal Revenue Service.

At the time of delivery and payment for the Bonds, the Issuer will deliver, or cause to be delivered to the Underwriters, a certificate substantially to the effect that, to the Issuer's knowledge, there is no action, suit, proceeding or investigation before or by any court or public board or body pending or threatened against the Issuer to restrain or enjoin the issuance, execution or delivery of the Bonds or in any manner questioning the proceedings or authority for the issuance of the Bonds or affecting directly or indirectly the validity of the Bonds or the resolutions adopted by the Issuer to authorize the transaction.

The Issuer is not responsible for any statements made in this Official Statement except with respect to the statements made under this section ("NO LITIGATION—The Issuer") and the section titled "PROJECT PARTICIPANTS—The Issuer" herein. Except for the execution and delivery of documents required to affect the issuance of the Bonds, the Issuer has not otherwise assisted in the public offer, sale or distribution of the Bonds. Accordingly, except as aforesaid, the Issuer disclaims responsibility for the disclosures set forth in this Official Statement or otherwise made in connection with the offer, sale and distribution of the Bonds.

The Company

At the time of delivery and payment for the Bonds, the Company will deliver a certificate to the Underwriters substantially to the effect that there is no litigation or other proceeding of any nature now pending or, to the best knowledge of the Company after due inquiry, threatened against or adversely affecting the Company seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or the resolutions adopted by the Company to authorize the transaction, the Company's obligation and agreement to provide certain continuing disclosure as set forth in the Loan Agreement, or any actions of the Company taken with respect to the issuance or sale of the Bonds, or the pledge, collection or application of any monies or security provided for the payment of the Bonds, or the existence, powers or operations of the Company, or contesting the completeness or accuracy of this Official Statement or any supplement or amendment thereto, if any.

The Owner

The Airport System is involved in several claims and lawsuits arising in the ordinary course of business. In addition, the City received notices from Adams County and several cities claiming certain violations of the Adams County IGA, as more particularly described under Appendix G — "CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT—Intergovernmental Agreement with Adams County." Except as described in the above-referenced section, the City believes that any liability assessed against the City as a result of such claims or lawsuits which are not covered by insurance or accounted for in the 2018-2022 Capital Program, would not materially adversely affect the financial condition or operations of the Airport System.

RELATED PARTY TRANSACTIONS

Certain of the parties with which the Company has contracted or will contract to provide staffing and administrative, technical, business and other services to the Project are affiliates or otherwise related to Ferrovial Airports Great Hall Partners LLC or S/JLC, LLC, the two Equity Participants.

The Company plans to enter into the Technical Services Agreement with Ferrovial Aeropuertos España, S.A. ("FAE") pursuant to which FAE will provide the Company with technical and airport management services for the Project and the Company will pay FAE a fee for those services. The terms of the Technical Services Agreement are further described in "THE PRINCIPAL PROJECT AGREEMENTS—Certain Other Project Related Agreements—*Technical Services Agreement*." FAE is an affiliate of Ferrovial Airports Great Hall Partners LLC. The Company has entered into the Design and Construction Contract with the Contractor, which is an affiliate of Ferrovial Airports Great Hall Partners LLC, one of the Equity Participants. In addition, the Contractor has sub-contracted the D&C Work to Great Hall Builders, LLC, a wholly-owned subsidiary of the Contractor and an Saunders Construction, LLC. Saunders Construction, Inc. wholly owns both Saunders Construction, LLC and Saunders Concessions, LLC which entity is a member of S/JLC, LLC. S/JLC, LLC is an Equity Participant. Ferrovial US Construction Corp., an affiliate of the Contractor and Ferrovial Airports Great Hall Partners LLC, which is one of the Equity Participants, is the Guarantor of the Contractor under the Design and Construction Contract. See "PROJECT PARTICIPANTS—The Contractor and the Guarantor."

Loop Capital Markets LLC is an underwriter for the Series 2017 Bonds. Loop Capital Markets LLC was formed in 1997 by a principal of JLC Infrastructure. A subsidiary of JLC Infrastructure is the general partner of JLC Infrastructure Fund I L.P and JLC Infrastructure serves as the investment adviser. JLC Infrastructure Fund I L.P. is the majority investor in S/JLC, LLC, one of the Equity Participants.

RATINGS

The Series 2017 Bonds have been assigned an expected investment grade rating of “BBB” by Fitch and an expected investment grade rating of “BBB-” by S&P. The delivery of an equivalent final rating from each such rating agency is a condition to the issuance of the Series 2017 Bonds. The expected ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the applicable rating agency furnishing the same. Generally, a rating agency bases its rating on information and materials furnished to it and on investigations, studies, and assumptions by such rating agency. There is no assurance that such ratings will continue for any given period of time or will not be revised downward, suspended, or withdrawn entirely by the rating agency, if, in its judgment, circumstances so warrant. Any such lowering, suspension, or withdrawal of the rating might have an adverse effect upon the market price or marketability of the Series 2017 Bonds. None of the Underwriters, the Issuer, the Company, or the Owner undertake any responsibility after the issuance of the Series 2017 Bonds to assure the maintenance of the rating or to oppose any revisions or withdrawal thereof. A rating is not a recommendation to buy, sell, or hold the Series 2017 Bonds and may be subject to revision or withdrawal at any time. Although the Company originally looked to obtain preliminary ratings for the Bonds from three rating agencies, it ultimately pursued a preliminary rating from two rating agencies.

UNDERWRITING

The Series 2017 Bonds are being purchased by Citigroup Global Markets Inc. (the “**Representative**”), on behalf of itself and the other underwriters listed on the cover of this Official Statement (the “**Underwriters**”). The Underwriters have agreed, subject to certain conditions, to purchase the Series 2017 Bonds from the Issuer at an aggregate purchase price of \$212,524,404.37 (which represents the principal amount of the Series 2017 Bonds, less the Underwriters’ discount and other fees of \$1,988,683.48, plus the original issue premium of \$25,448,087.85) and to make a public offering of the Series 2017 Bonds at prices that are not higher than the public offering prices or lower than the yields indicated on the inside cover page of this Official Statement.

The Series 2017 Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters. The Underwriters will be obligated to purchase all of the Series 2017 Bonds if any are purchased.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Issuer, the Owner, the Company and its affiliates, the Equity Participants (and affiliates thereof) for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account or for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, the Owner, the Company, the Equity Participants and any affiliates thereof (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer, the Owner, the Company, the Equity Participants and any affiliates thereof. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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

In addition, certain of the Underwriters may have entered into distribution agreements with other broker-dealers (that have not been designated by the Issuer as Underwriters) for the distribution of the Series 2017 Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

Loop Capital Markets LLC is an underwriter for the Series 2017 Bonds. It was formed in 1997 by a principal of JLC Infrastructure. A subsidiary of JLC Infrastructure is the general partner of JLC Infrastructure Fund I L.P. and JLC Infrastructure serves as the investment adviser. JLC Infrastructure Fund I L.P. is the majority investor in S/JLC, LLC, one of the Equity Participants.

MISCELLANEOUS

Registration of Bonds

Registration or qualification of the offer and sale of the Series 2017 Bonds (as distinguished from registration of the ownership of the Series 2017 Bonds) is not required under the federal Securities Act of 1933, as amended. THE ISSUER ASSUMES NO RESPONSIBILITY FOR THE QUALIFICATION OR REGISTRATION OF THE SERIES 2017 BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE SERIES 2017 BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

Additional Information

Copies of any of the documents referenced or summarized herein will be available following the date of delivery of the Series 2017 Bonds, upon delivery of a written request and the payment of reasonable copying, mailing and handling charges to the Trustee, at Deutsche Bank Trust Company Americas, Trust and Agency Services, 60 Wall St. 16th Floor, MS: NYC60-1630, New York, NY 10005, Attn: Corporates Team, Denver Great Hall.

Official Statement Certification

The preparation of this Official Statement and its distribution has been authorized by the board of directors of the Issuer. This Official Statement is not to be construed as an agreement or contract between the Issuer, the Company and any purchaser, owner or holder of any Series 2017 Bond.

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APPENDIX A

DEFINITIONS OF TERMS

Unless otherwise specified, capitalized terms used in this Official Statement will have the meanings set forth below:

2017 Bonds Debt Service Reserve Sub-Account means the “2017 Bonds Debt Service Reserve Sub-Account” established and created in the name of the Company pursuant to the Collateral Agency Agreement and as described in Appendix D—“SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—The Project Accounts—*Debt Service Reserve Account*—2017 Bonds Debt Service Reserve Sub-Account.”

Acceleration Event means the Collateral Agent or the Secured Parties party to any Financing Document, in accordance with, and pursuant to the terms of, such Financing Document and any intercreditor agreement then in effect, having declared the whole or any part of the principal of, and accrued interest on, the Secured Obligations to be immediately due and payable.

Acceptable Credit Rating means, with respect to any person, the rating of its unsecured, uncredit enhanced, senior long term indebtedness (or, if such person has no such rating, then its issuer rating or corporate credit rating) is no lower than (a) at the time such person executes, delivers or issues an Acceptable Letter of Credit, ‘A-’ or the equivalent rating from any NRSRO, and (b) at any time thereafter, ‘A-’ or the equivalent rating from any NRSRO.

Acceptable Letter of Credit means any Recourse Acceptable Letter of Credit or Non-Recourse Acceptable Letter of Credit.

Accounts has the meaning given to such term in “FINANCING FOR THE PROJECT—Senior Debt—*Indenture—Funds to Be Established under the Indenture—Debt Service Fund.*”

Accreted Redemption Price means, with respect to any Original Issue Discount Bonds or Capital Appreciation Bonds, the Accreted Value of the Bonds to be redeemed, plus accrued interest (if any) to, but not including, the redemption date.

Accreted Value means, with respect to (a) any Capital Appreciation Bond, as of any calculation date, the sum of the initial principal amount of such Bond plus the principal accumulated, compounded and unpaid thereon to, but not including, such calculation date, and (b) any Original Issue Discount Bond, as of any calculation date, an amount equal to the initial public offering price of such Bond, plus the amount of discounted principal that has accreted thereon from its date of issuance to, but not including, such calculation date at the rate on such Bond; provided, however, that if the calculation date for the determination of Accreted Value of any Capital Appreciation Bond or Original Issue Discount Bond is not an Interest Payment Date, the Accreted Value of such Bond shall be calculated by straight line interpolation of Accreted Value as between the immediately preceding Interest Payment Date (or the initial principal amount at the date of issuance, if such date of calculation comes before December 31, 2017) and the Accreted Value as of the calculation date. As used in the Indenture with respect to any Capital Appreciation Bond or Original Issue Discount Bond, including when used in connection with determining whether the Owners of the requisite principal amount of the Bonds then Outstanding have given any request, demand, authorization, direction, notice, consent or waiver, the term "principal" means the Accreted Value thereof, except as used in the Indenture in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an Event of Default, in which case "principal" means the initial offering price of a Capital Appreciation Bond or Original Issue Discount Bond.

Additional Financing Documents means any documents and/or instruments evidencing, documenting, securing or otherwise relating to any or all of the obligations relating to the applicable Additional Senior Obligations permitted to be incurred pursuant to the Loan Agreement and any Supplemental Loan Agreement.

Additional Parity Bonds means any additional bonds issued on a parity basis with the Bonds pursuant to the Indenture and that otherwise meet the requirements of an Additional Senior Obligation permitted to be incurred pursuant to the Loan Agreement and as described in Appendix F—“SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT—*Limitation on Indebtedness; Additional Senior Obligations.*”

Additional Senior Creditor means a holder of any Additional Senior Obligations that, if applicable, has become a party to the Intercreditor Agreement as contemplated therein (or a Senior Creditor representative, if more than one such holder or creditor represented by such Senior Creditor representative exists with respect to such Additional Senior Obligation).

Additional Senior Obligations means:

(a) all present and future indebtedness and other obligations of the Company permitted, or not prohibited, under the Financing Documents which rank on parity with the payment obligations of the Company incurred pursuant to the Loan Agreement and are secured by the liens contemplated by the Security Documents, including principal, interest, fees (including interest and fees accruing after the commencement of a proceeding by or against the Company under any Insolvency Law, regardless of whether such interest and fees are allowed claims in such proceeding), premiums, reimbursement obligations, collection costs and expenses, indemnities and all other amounts, liabilities and obligations of the Company arising thereunder; and

(b) all amounts owed under any modifications, renewals or extensions of any of the foregoing obligations; in each case, whether fixed or contingent, matured or unmatured, liquidated or unliquidated, disputed or undisputed, legal or equitable or joint or owned jointly or severally or in any other capacity whatsoever.

Adjacent Projects means projects that may impact, or may be impacted by, the Project, as identified in the Development Agreement and which as of the date of this Official Statement consists of the CBRA project.

Advance Payment Security has the meaning given to such term in "THE PRINCIPAL PROJECT AGREEMENTS—The Design and Construction Contract—*Project Construction.*"

Aggregate Capital Commitment means with respect to either Equity Participant, the sum of its Base Capital Commitment and its Contingent Capital Commitment.

Airport has the meaning given to such term on the cover page hereof.

Airport System means the Denver Municipal Airport System.

Amortized Redemption Price means the Amortized Value of the Bonds to be redeemed, plus accrued interest to, but not including, the redemption date.

Amortized Value means with respect to the Bonds that were sold at a premium, an amount equal to (a) the principal amount of the Bonds to be redeemed, multiplied by (b) the price of such Bonds expressed as a percentage, calculated based on the industry standard method of calculating bond prices assuming that (i) the delivery date of such Bonds is the redemption date, (ii) the maturity date of such Bonds is the maturity date as of the issue date of the Bonds, but taking into account any optional call provision, and (iii) the yield on such Bonds is equal to the original offering yield on such Bonds as of the issue date of such Bonds.

Authorized Signatories means any officer, director or other Person designated by resolution of the board of directors of the Issuer (whether such resolution is adopted in connection with the issuance of the Bonds or otherwise) or by the Issuer's bylaws as an 'Authorized Signatory' empowered to, among other things, execute and deliver on behalf of the Issuer the Indenture, the Bonds and other documents related to the Bonds to which the Issuer is a party.

Bankruptcy means with respect to any person, (a) an involuntary proceeding will be commenced or an involuntary petition will be filed seeking (i) liquidation, reorganization or other relief in respect of such person or any of its debts, or of a substantial part of the assets thereof, under any insolvency laws, or (ii) the appointment of a

receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for such person or for a substantial part of the assets thereof and, in any case referred to in the foregoing subclauses (a)(i) and (ii), such proceeding or petition will continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing will be entered; (b) such person will (i) apply for or consent to the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official therefor or for a substantial part of the assets thereof, (ii) generally not be paying its debts as they become due unless such debts are the subject of a bona fide dispute, or become unable to pay its debts generally as they become due (iii) make a general assignment for the benefit of creditors, (iv) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition with respect to it described in clause (a) of this definition, (v) commence a voluntary proceeding under any insolvency law, or file a voluntary petition seeking liquidation, reorganization, an arrangement with creditors or an order for relief under any insolvency law, (vi) file an answer admitting the material allegations of a petition filed against it in any proceeding referred to in the foregoing subclauses (i) through (vi), inclusive, of this clause (b), or (vii) take any action for the purpose of effecting any of the foregoing.

Bankruptcy Proceeding means (a) any voluntary or involuntary case or proceeding under any insolvency law, (b) any other voluntary or involuntary insolvency, reorganization or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding with respect to the borrower or with respect to its assets, (c) any liquidation, dissolution, or winding up of the Company or (d) any assignment for the benefit of creditors or any other marshalling of assets or liabilities of the Company.

Base Capital Commitment means (a) with respect to Ferrovial Airports Great Hall Partners LLC, \$55,556,042 and (b) with respect to S/JLC, \$13,889,010, in each case as such amount may be deemed modified after giving effect to any transfers of rights and obligations of the Equity Participants consummated in accordance with the terms of the Equity Contribution Agreement.

Base Capital Contribution means a contribution of capital that is made from an Equity Participant directly or indirectly (including by the Pledgor) to the Company, in each case, by means of one or more cash equity contributions or a subordinated loan in respect of any date from and following the Effective Date, as set forth in the Equity Contribution Agreement.

Base Tax Liability means, at any given point in time, the present value of the cumulative federal and state income tax liability of the Equity Members that would be incurred over the remainder of the Term absent a termination for convenience by the Owner during the Project Operating Period, determined by (a) calculating the anticipated income tax liability for each year of the remaining Term (as if such termination had not occurred) by applying the assumption regarding the combined federal and state income tax rate of the Equity Members reflected in the Initial Financial Model (Financial Close); and (b) applying to such cumulative federal and state income tax liability a discount rate equal to the Initial Equity IRR (Financial Close).

Baseline Functional Area Readiness Date means, with respect to any Functional Area, the date on which the Company is expected to achieve Functional Area Readiness with respect to such Functional Area, as indicated in the Development Agreement.

Baseline Project Substantial Completion Date means November 4, 2021, the date on which the Company is expected to achieve Project Substantial Completion, as indicated in the Development Agreement.

Beneficial Owner has the meaning given to such term in “THE BONDS—Book-Entry-Only System.”

Bond Counsel means (a) as of the Closing Date, Greenberg Traurig, LLP, and (b) as of any other date, Greenberg Traurig, LLP, or other attorneys selected by the Issuer, with the consent of the Company, which consent will not be unreasonably withheld, who have nationally recognized expertise in the issuance of municipal securities, the interest on which is excluded from gross income for federal income tax purposes.

Bond Ordinance means the Airport System General Bond Ordinance passed by the City and County of Denver on November 26, 1984, as amended or supplemented as of July 26, 2017.

Bond Resolution means the final resolutions adopted by the Board of Directors of the Issuer authorizing the issuance of the Bonds and the execution and delivery of the Indenture, Loan Agreement and other documents relating to the issuance of the Bonds.

Bondholders means, in respect of any Bond, the registered owner thereof as shown in the registration records of the Trustee.

Bonds has the meaning given to such term on the cover page hereof.

Bonds Debt Service Interim Payment Sub-Account means the “Bonds Debt Service Interim Payment Sub-Account” established and created in the name of the Company pursuant to the Collateral Agency Agreement and as described in Appendix D “SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—The Project Accounts—*Debt Service Payment Account*.”

Bonds Debt Service Payment Shortfall means on any date on which amounts constituting principal of (including any principal portion due in connection with a mandatory sinking fund redemption) and interest on the Bonds is due and payable, the positive difference, if any, of (a) the amounts of principal of (including any principal portion due in connection with a mandatory sinking fund redemption) and interest on the Bonds due and payable on such date, minus (b) the amount available for application to the Owners of the Bonds pursuant to the Collateral Agency Agreement on such date.

Bonds Interest Reserve Sub-Account means the “Bonds Interest Reserve Sub-Account” established and created in the name of the Company pursuant to the Collateral Agency Agreement and as described in Appendix D—“SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—The Project Accounts—Construction Proceeds Account—Bonds Interest Reserve Sub-Account.”

Bonds Sub-Account means the “Bonds Sub-Account” established and created in the name of the Company pursuant to the Collateral Agency Agreement and as described in Appendix D —“SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—The Project Accounts—*Construction Proceeds Account*—Bonds Sub-Account.”

Book-Entry System means the book-entry system maintained by the DTC or any successor securities depository.

Business Day means any day that is not a Saturday, a Sunday or other day on which commercial banks in New York, New York are authorized or required by law, regulation or executive order to be closed (unless otherwise provided in a Supplemental Indenture).

C.F.R. means the Code of Federal Regulations.

Calculation Date means each March 31 and September 30 occurring following the Project Substantial Completion Date or if such day is not a business day, then the Business Day immediately following such day.

Calculation Period means a period of 12 consecutive months (for the avoidance of doubt, in each case ending on a Calculation Date or a Distribution Date, as applicable), provided, however, that until the 12-month anniversary of the Project Substantial Completion Date, the Calculation Period shall be the period from the Project Substantial Completion Date until such relevant Calculation Date or Distribution Date for which such determination is being made.

Capital Appreciation Bond means a Bond all or a portion of the interest on which is accumulated and compounded at the rate and on the dates set forth in the Indenture and in the related Supplemental Indenture and is payable only upon the redemption or maturity date of such Bond.

Capital Contribution means a Base Capital Contribution or a Contingent Capital Contribution.

Capital Contributions Letter of Credit has the meaning given to such term in “SUMMARY—FINANCING FOR THE PROJECT—*Equity Financing*.”

Capital Contributions Security Instrument means a Capital Contributions Letter of Credit and/or a cash collateral account in which the Collateral Agent has been granted a perfected, first priority security interest.

Capital Expenditures means expenditures made or liabilities incurred for the acquisition of any fixed assets or improvements, replacements, substitutions or additions thereto that have a useful life of more than one year which are capitalized in accordance with GAAP, including Major Maintenance Costs.

CBRA Project means a project to be undertaken by the Owner for the construction of two standard bag CBRA rooms and two oversized CBRA rooms and a baggage handling system that interconnects all of the Terminal modules to replace the existing rooms used by TSA to reconcile suspect bags that are checked prior to delivery to the airlines.

Certificate of Functional Area Readiness has the meaning given to such term in Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Design and Construction—*Functional Area Readiness, Project Substantial Completion and Project Final Acceptance*.”

Certificate of Project Final Acceptance has the meaning given to such term in Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Design and Construction—*Functional Area Readiness, Project Substantial Completion and Project Final Acceptance*.”

Certificate of Project Substantial Completion has the meaning given to such term in Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Design and Construction—*Functional Area Readiness, Project Substantial Completion and Project Final Acceptance*.”

Change of Control means any means any assignment, mortgage, encumbrance, conveyance, sale, or other transfer of equity interest in the Company, transfer of an interest, direct or indirect, in an Equity Member, or other assignment, sale, financing, grant of security interest, hypothecation, conveyance, transfer of interest or transaction of any type or description, including by or through voting securities, asset transfer, contract, merger, acquisition, succession, dissolution, liquidation, bankruptcy or otherwise, that, in each case, results, directly or indirectly, in a change in possession of the power to direct or control or cause the direction or control of the management of the Company or a material aspect of its business. A change in possession of the power to direct or control or cause the direction or control of the management of an Equity Member will constitute a Change of Control of the Company if such Equity Member possesses, immediately prior to such Change of Control, the power to direct or control or cause the direction or control of the management of the Company. Notwithstanding the foregoing, the following shall not constitute a Change of Control: (a) a change in possession of the power to direct or control the management of the Company or a material aspect of its business due solely to bona fide open market transactions in securities effected on a recognized public stock exchange, including such transactions involving an initial public offering; (b) an upstream reorganization or transfer of indirect interests in the Company so long as there occurs no change in the entity with ultimate power to direct or control or cause the direction or control of the management of the Company ; (c) a change in possession of the power to direct or control the management of the Company or a material aspect of its business due solely to a bona fide transaction involving beneficial interest in a parent organization of an Equity Member whose references, experience or financial statements, and any of the references of any Equity Member, Ferrovial Airports International, Ltd., JLC Infrastructure Fund I L.P., and Saunders Construction, Inc., experience or financial statements, were not considered or evaluated in the statement of qualifications or proposal, provided, however, that this exception shall not apply if the transferee in such transaction is at the time of the transaction suspended or debarred or subject to a proceeding to suspend or debar from bidding, proposing or contracting with any federal or state department or agency; (d) any assignment, mortgage, encumbrance, conveyance, sale, or other transfer of equity interest in the Company, where the transferring Equity Member and the transferee are under the same ultimate parent organization ownership, management and control before and after the transfer; (e) the exercise of minority veto or voting rights (whether provided by applicable law, by the Company’s organizational documents or by related member or shareholder agreements or similar agreements) over major business decisions of the Company, provided that if such minority veto or voting rights are provided by shareholder or similar agreements, the Owner received copies of such agreements as of the Effective Date; and (f) the grant of Security Documents, including the Initial Security Documents,

in strict compliance with the DA Direct Agreement or the exercise of Lender remedies thereunder, including foreclosure.

City means the City and County of Denver, Colorado.

Closing Date means the date on which the Series 2017 Bonds are issued, authenticated and delivered in accordance with the Indenture.

Code has the meaning given to such term on the cover page hereof.

Collateral means (1) all tangible and intangible personal, intangible and real property interests of the Company, all material contracts and all other rights of the Company in or related to the Project (to the extent permitted and except as otherwise expressly provided), including, but not limited to, the following (i) all of the Project Revenues; (ii) Company's interest under the Development Agreement in the Project and under any future vendor contracts and concession agreements entered into in connection with the Project; (iii) the Company's interest under the Design and Construction Contract and any Design-Build Guaranty related thereto; (iv) the Company's right title and interest in all Project Accounts (other than the Distribution Account) and any other bank accounts of the Company that may be established as permitted by the Financing Documents; (v) all assignable permits and other governmental approvals related to the Project; (vi) proceeds of insurance policies or condemnation proceedings to the extent not used to repair or rebuild the Project and permitted under the Development Agreement; (vii) proceeds of any litigation or other proceedings; and (viii) the proceeds of the foregoing; provided that (A) the proceeds of the Bonds, the amount on deposit in the Bonds Sub-Account, the Bonds Interest Reserve Sub-Account, the Costs of Issuance Sub-Account, the Bonds Debt Service Interim Payment Sub-Account and the 2017 Bonds Debt Service Reserve Sub-Account shall be for the sole benefit of the Beneficial Owners of the Bonds and (B) the amounts on deposit in any sub-accounts of the Construction Proceeds Account opened for Additional Senior Obligations (including any reserve accounts or interim payment accounts) and any sub-accounts of the Debt Service Reserve Account opened for Additional Senior Obligations shall be for the sole benefit of the applicable Additional Senior Obligations in accordance with the relevant terms of the applicable Additional Financing Documents; and (2) any and all Equity Interests.

Collateral Agency Agreement has the meaning given to such term on the cover page hereof.

Collateral Agent has the meaning given to such term on the cover page hereof or such other party designated to act as trustee or agent pursuant to the Security Documents.

Committed Equity Investment means in the aggregate and without double counting: (a) any Equity Investment; and (b) any Deferred Equity Amounts.

Company has the meaning given to such term on the cover page hereof.

Company Commercial Revenue has the meaning given to such term in “THE PROJECT— Summary of Project Components—*Design Work Payments, Revenues of the Company, Supplemental Payments and Company Commercial Revenue.*”

Company Concessions Revenue means, with respect to any given period, the Company’s 20% share of the Concessions Revenue.

Company Continuing Disclosure Agreement has the meaning set forth in “CONTINUING DISCLOSURE INFORMATION.”

Company Event of Default has the meaning set forth in Appendix B —“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Default; Suspension of Work; Suspension for Delinquency —*Default by the Company.*”

Company Suspension has the meaning set forth in Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE DESIGN AND CONSTRUCTION CONTRACT — Suspension Rights —*Company’s Right*

to *Suspend*” and, for the avoidance of doubt, does not include any suspension (i) as a result of the failure by the Contractor to comply with safety requirements or any other default of the Contractor under the Design and Construction Contract or (ii) the issuance of a suspension order by the Owner for any cause under the Development Agreement which results from a breach by the Contractor of its obligations under the Design and Construction Contract.

Compensable Non-Discriminatory O&M Change means a Non-Discriminatory O&M Change, to the extent that such change requires additional capital expenditures, repair, reconstruction, rehabilitation, restoration, renewal or replacement of any element of the Project, in excess of what would have otherwise been required as part of the Company’s renewal work obligations under the Contract Documents.

Compensation Amount means the amount of compensation to be paid to the Company for a Compensation Event in accordance with and as set forth in the Development Agreement.

Compensation Event means any of the Compensation Event (Type 1), Compensation Event (Type 2) or Compensation Event (Type 3) set forth in Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT —Relief Event Claims.”

Concession Space Readiness means the occurrence of all events and satisfaction of all conditions set forth in the Design and Construction Contract, as and when confirmed by the Company’s issuance of a certificate of Concession Space Readiness in accordance with the procedures and within the time frame established in the Design and Construction Contract act.

Concessionaires means third party concessionaires who enter into concession agreements with the Company for the establishment of Concessions in the Terminal.

Concessions means retail concessions, food and beverage concessions and passenger services concessions, (and excludes certain non-competing activities detailed in the Development Agreement) established or to be established in certain areas of the Terminal under the Concessions Program developed by the Company.

Concessions Functional Area means a Functional Area that contains any portion of the Concessions Space.

Concessions Operating Period has the meaning set forth in Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Rights and Obligations of the Company—*Concessions*.”

Concessions Program has the meaning set forth in “SUMMARY—THE PROJECT —*Development Agreement*” in the Official Statement.

Concessions Revenue means with respect to any given period, the sum of (a) the monthly fee paid by the Concessionaire to the Company as consideration for concession rights for each Concession, pro-rated for such period, and (b) liquidated damages assessed against Concessionaires during such period, in each case, to the extent received by the Company, and aggregated for all Concessions.

Concessions Space means the areas within the outside limits (both horizontal and vertical) delineated in the Concessions space map attached to the Development Agreement, as such limits may be adjusted from time to time in accordance with the Contract Documents. The Concessions Space excludes all public circulation spaces and areas where non-competing activities are performed as of the Company execution date except to the extent taken over by the Company pursuant to the Development Agreement, but includes storage areas, goods delivery areas and Concessionaires offices and any additional space within level 5 or level 6 of the Terminal that is included in the Concessions layout plan for Concessions pursuant to the concessions development and management plan update process set forth in the Development Agreement.

Construction Commencement Deadline means the date, subject to adjustments, occurring 340 days after the Effective Date.

Construction Period means the period commencing on the Financial Close Date and ending on the Project Substantial Completion Date.

Construction Proceeds Account means the “Construction Proceeds Account” established and created in the name of the Company pursuant to the Collateral Agency Agreement and as described in “PROJECT ACCOUNTS AND FLOW OF FUNDS—Project Accounts—*Description of the Project Accounts—Construction Proceeds Account.*”

Contingent Capital Commitment means (a) with respect to Ferrovial Airports Great Hall Partners LLC, \$3,045,348 and (b) with respect to S/JLC, LLC, \$761,337.

Contingent Capital Contribution means contribution of capital that is made by an Equity Participant directly or indirectly (including by HoldCo) to the Company, in each case, by means of one or more cash equity contributions or a subordinated loan, on the Project Substantial Completion Date as set forth in the Equity Contribution Agreement.

Contract Documents means the Development Agreement, the Technical Requirements, including all appendices and exhibits to the Development Agreement and the Technical Requirements (and any executed originals of appendices and exhibits), Issued for Construction Documents, and the other documents listed in Section 1.4.1 of the Development Agreement (other than the Bond Ordinance, the General Junior Lien Bond Ordinance and the Supplemental Junior Lien Bond Ordinance), including all amendments to the foregoing.

Contract Price has the meaning set forth in Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE DESIGN AND CONSTRUCTION CONTRACT—Compensation—*Contract Price.*”

Contractor has the meaning set forth in “SUMMARY—THE PROJECT—*Construction.*”

Contractor Suspension has the meaning set forth in Appendix C—“SUMMARY OF CERTAIN PROVISIONS OF THE DESIGN AND CONSTRUCTION CONTRACT —Suspension Rights—*Contractor’s Right to Suspend.*”

Contractor-Related Entity means (a) any person with a direct equity interest in the Contractor, (b) subcontractors (including Suppliers); (c) any other Persons performing any of the D&C Contractor Work except pursuant to the Owner’s step-in rights under the DA Direct Agreement, (d) any other Persons for whom the Contractor may be legally or contractually responsible; and (e) the employees, agents, officers, directors, shareholders, (but excluding Shareholders of publically traded companies), representatives, consultants, successors, assigns, and any invitees of the Contractor or any of the foregoing.

Control means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise, and Controlling, Controlled by and Under Common Control With have meanings correlative thereto.

Control Agreement means each of (a) the control agreement, dated on or about the Financial Close, among the Company, the Collateral Agent and the Deposit Account Bank with respect to the Operating Account and (b) each control agreement substantially in the form of the Control Agreement attached to the Collateral Agency Agreement, with a successor Deposit Account Bank.

Costs of Issuance means with respect to the Bonds, certain costs and expenses incurred in connection with the preparation, execution, delivery and administration of the Loan Agreement, the Indenture and any other documents that may be delivered in connection therewith through the Closing Date (including any fees payable to an NRSRO).

Cost to Complete means (without double counting):

(a) those costs (internal and external) that the Owner reasonably and properly projects that it will incur in carrying out any process to request tenders from any parties interested in entering into a contract with the Owner to

achieve Project Final Acceptance, including all costs related to the preparation of tender documentation, evaluation of tenders and negotiation and execution of relevant contracts; plus

(b) costs that the Owner reasonably and properly projects that it will incur in achieving Project Final Acceptance; plus

(c) any other losses that the Owner would, but for the termination of the Development Agreement, not have incurred prior to Project Final Acceptance; minus

(d) any insurance proceeds available to the Owner for the purposes of achieving Project Final Acceptance.

Costs of Issuance Sub-Account means the “Costs of Issuance Sub-Account” of the Construction Proceeds Account established and created in the name of the Company pursuant to the Collateral Agency Agreement and as described in Appendix D—“SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—The Project Accounts—*Construction Proceeds Account*—Costs of Issuance Sub-Account.”

CPI means the Consumer Price Index for All Urban Consumers (CPI-U), All City Average, All Items, as published by the U.S. Department of Labor, Bureau of Labor Statistics, for which the base year is 1982-84 = 100, or if such publication ceases to be in existence, a comparable index selected by the Company and approved by the applicable agent, acting reasonably. If such index is revised so that the base year differs from that set forth in the preceding sentence, the CPI will be converted in accordance with the conversion factor published by the U.S. Department of Labor, Bureau of Labor Statistics. If the Bureau of Labor Statistics otherwise alters its method of calculating such index, the parties will mutually determine appropriate adjustments in the affected index.

D&C Contract Amount means \$650,000,000.

D&C Contractor Work has the meaning set forth in “SUMMARY —THE PROJECT—*Construction*.”

D&C Work means all the design work and construction work for the Project under the Development Agreement.

D&C Work Value means an amount equal to the D&C Contract Amount (adjusted to take into account change orders) minus the Cost to Complete and minus the amount of any Progress Payments, any bonus payment and any amounts on account of change orders paid to the Company prior to the Early Termination Date.

DA Direct Agreement means the Lender’s Direct Agreement, dated as of Financial Close, among and between the Owner, the Company and the Collateral Agent.

Debt Service Fund has the meaning given to such term in “FINANCING FOR THE PROJECT—Senior Debt—*Indenture—Funds to Be Established under the Indenture*—Debt Service Fund.”

Debt Service Payment Account means the “Debt Service Payment Account” established and created in the name of the Company pursuant to the Collateral Agency Agreement as described in “PROJECT ACCOUNTS AND FLOW OF FUNDS—Project Accounts—*Description of the Project Accounts—Debt Service Payment Account*.”

Debt Service Payment Date has the meaning given to such term in “FINANCING FOR THE PROJECT—Senior Debt—*Indenture—Funds to Be Established under the Indenture*—Debt Service Fund.”

Debt Service Reserve Account means, the “Debt Service Reserve Account” established and created in the name of the Company pursuant to the Collateral Agency Agreement as described in “PROJECT ACCOUNTS AND FLOW OF FUNDS—Project Accounts—*Description of the Project Accounts—Debt Service Reserve Account*.”

Debt Service Reserve Required Balance means, (x) in respect of the 2017 Bonds, the aggregate amount of Senior Debt Service that will become due and payable by the Company in respect thereof in the six (6) consecutive

months following the relevant date of determination and (y) in respect of any Additional Senior Obligation, as set forth in the applicable Additional Financing Documents.

Defeasance Escrow Account means an account created for the deposit of monies or Defeasance Securities for the purposes set forth in Article 11 of the Indenture.

Defeasance Securities means investments permitted under state law that, at the time they are deposited into a Defeasance Escrow Account:

(a) are direct obligations of the United States or the principal of and interest on which are unconditionally guaranteed by the United States or any agency or instrumentality thereof, when such obligation is backed by the full faith and credit of the United States; and

(b) in either (x) cannot be redeemed prior to maturity at the option of any person other than the owner thereof or (y) the redemption date of which has been irrevocably fixed by an irrevocable exercise of an option to redeem on such date or an irrevocable consent to exercise an option to redeem on such date (in which case the fixed redemption date will be treated as the maturity date for purposes of Article 11 of the Indenture) and (ii) provide for the timely payment of principal and interest.

Deferred Equity Amounts means, on any date, any amount of unfunded equity that has been committed to the Company (including commitments to provide an Equity Investment or Equity Member Debt) and is shown to be available for use in the financial model for the Project prior to the Project Final Acceptance Date, but only to the extent that the commitment to provide such amount is supported by an irrevocable on-demand letter of credit issued in accordance with the requirements of the Development Agreement for the account of an Equity Member naming the Company and/or the Collateral Agent as beneficiary and guaranteeing the provision of the committed amount by a date which is not later than the Project Final Acceptance Date.

Delay Event means any of the events or conditions set forth in Appendix B —“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT — Relief Event Claims.”

Deposit Account Bank means Compass Bank and any other financial institution meeting the qualifications set forth in the Collateral Agency Agreement, and any person appointed to replace such person pursuant to the Collateral Agency Agreement.

Design Amount has the meaning given to such term in "THE PRINCIPAL PROJECT AGREEMENTS—The Design and Construction Contract—*Project Construction*."

Design Amount Advance Payment has the meaning given to such term in "THE PRINCIPAL PROJECT AGREEMENTS—The Design and Construction Contract—*Project Construction*."

Design and Construction Contract means the Design and Construction Contract entered into by and between the Owner and the Contractor on July 26, 2017, as amended from time to time.

Design and Construction Contractor Direct Agreement means that certain Direct Agreement, dated as of the December 1, 2017, by the Contractor and acknowledged by the Collateral Agent and the Company, as it may be amended, supplemented or modified from time to time.

Design and Construction Guarantor Direct Agreement means that certain Direct Agreement, dated as of the December 1, 2017, by Ferrovial US Construction Corp., and acknowledged by the Collateral Agent and the Company, as it may be amended, supplemented or modified from time to time.

Design-Build Guarantee has the meaning given to such term in the “THE PRINCIPAL PROJECT AGREEMENTS—The Design and Construction Contract—Design-Build Guarantee.”

Design Build Contract means that certain Design Build Contract, dated as of July 26, 2017, by and between with Great Hall Builders, LLC and the Contractor, as amended from time to time.

Development Agreement has the meaning set forth in “SUMMARY– The Development Agreement.”

Direct Agreements has the meaning set forth in “SECURITY FOR THE BONDS—Direct Agreements.”

Direct Participants has the meaning given to such term in “THE BONDS—Book-Entry-Only System.”

Direction Notice has the meaning given to such term in Appendix D—“SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—Collateral and Remedies—*Enforcement of Remedies*.”

Discount Bonds has the meaning given to such term in “TAX MATTERS—Original Issue Premium and Discount.”

Discretionary Capital Expenditures means any Capital Expenditures that are not Required Capital Expenditures or Major Maintenance Costs.

Discriminatory O&M Change means any change or addition to, or replacement of, requirements in the Technical Requirements relating to the operations and maintenance services for the Project (including revisions to the Manuals and Guidelines, adoption of new manuals and publications, changed, added or replacement standards, criteria, requirements, conditions, procedures, specifications and other technical provisions) of: (a) materially more onerous application to the Company or the Project than the application thereof to other comparable Owner projects; or (b) selective application to the Company or the Project and not to other comparable Owner projects.

Dissemination Agent means the Company or any successor Dissemination Agent designated in writing by the Company and which has filed with the Company a written acceptance of such designation.

Distribution means (a) whether in cash or in kind, any (i) dividend or other distribution in respect to share capital, (ii) reduction of capital, redemption or purchase of shares or any other reorganization or variation to share capital, (iii) payments under Equity Members Funding Agreements (whether of principal, interest, breakage costs or otherwise), (iv) payment, loan, contractual arrangement or transfer of assets or rights to the extent (in each case) it was put in place after Financial Close and was neither in the ordinary course of business nor on reasonable commercial terms, (v) the receipt of any other benefit which is not received in the ordinary course of business and not on commercially reasonable terms, or (b) the early release of any contingent debt or equity funding liabilities to the Company, the amount of such release being deemed to be a gain for the purposes of any calculation of Refinancing Gain.

Distribution Account means the “Distribution Account” established and created in the name of the Company pursuant to the Collateral Agency Agreement and as described in “PROJECT ACCOUNTS AND FLOW OF FUNDS—Project Accounts—*Description of the Project Accounts—Distribution Account*.”

Distribution Conditions has the meaning given to such term in “PROJECT ACCOUNTS AND FLOW OF FUNDS—*Description of Project Accounts—Distribution Account*.”

Distribution Date means each of March 31st, June 30th, September 30th and December 31st occurring following the Substantial Completion Date or if any such day is not a Business Day, then the Business Day immediately following such day.

Distribution Indebtedness has the meaning given to such term in “FINANCING FOR THE PROJECT—Senior Debt—*Loan Agreement—Special Covenants of the Company—Additional Senior Obligations*.”

DTC has the meaning given to such term on the cover page hereof.

DTCC has the meaning given to such term in “THE BONDS—Book-Entry-Only System.”

Early Design Work means the design work described in Section I.8.3.3.2 of the Technical Requirements.

Early Design Work Payment means the progress payments, made on a monthly basis in arrears by the Owner to the Company, as compensation for Early Design Work. The amount of each Early Design Work Payment shall equal the progress of the Early Design Work completed in the relevant month as measured against the schedule set forth in the Development Agreement. The aggregate amount of the Early Design Work Payments shall not exceed the amount of \$28,000,000.

Early Termination means the termination of the Development Agreement for any reason prior to the expiry date of the Development Agreement.

Early Termination Date means the effective date of Early Termination.

Effective Date means the date that the Development Agreement took effect, being August 24, 2017.

EMMA has the meaning given to such term in “CONTINUING DISCLOSURE OF INFORMATION.”

Enforcement Action means any action, whether by judicial proceedings or otherwise, to enforce or exercise any of the rights and remedies granted to the Collateral Agent and/or Secured Parties pursuant to the Security Documents against the Collateral or the Company, in each case upon the occurrence and during the continuance of an Event of Default.

Equity Contribution Agreement means the Equity Contribution Agreement, to be dated as of the Financial Close Date, among the Company, the Equity Participants and the Collateral Agent.

Equity Interests means the limited liability company membership interest or other equity interests in the Company.

Equity Investment means (a) any form of direct investment by Equity Members, including the purchase of newly issued equity shares in and/or the provision of Equity Member Debt to the Company, and (b) any draws by or on behalf of the Company of the letter(s) of credit described in the definition of Deferred Equity Amounts.

Equity IRR means the nominal post-tax internal rate of return to the Equity Investment over the full Term calculated as the discount rate that, when applied to Equity Investment cash flows, gives a zero net present value. Equity IRR is reflected in the financial model for the Project and can change when and if such financial model is updated pursuant to the Development Agreement. Equity IRR is equal to the Initial Equity IRR (Developer Execution) as of the Effective Date and the Initial Equity IRR (Financial Close) as of the Financial Close Date. For purposes of this definition: (a) The phrase “post-tax” refers to U.S. federal, state and local income only, and excludes any foreign income tax and other tax of any kind; and (b) the phrase “cash flows” refers to Distributions described in clause (a) of the definition of Distribution, minus Equity Investments.

Equity Member(s) means any person with a direct equity interest in the Company.

Equity Member Debt means bona fide indebtedness for funds borrowed that (a) is held by any Equity Member and (b) is subordinated in priority of payment and security to all Project Debt held by persons who are not Equity Members.

Equity Members Funding Agreements means any Funding Agreements relating to Equity Member Debt.

Equity Participant means those entities set for as equity participants in “PROJECT PARTICIPANTS—The Equity Participants.”

Event of Default means any of the events specifically identified as an "Event of Default" in any Financing Document.

Excluded Work has the meaning set forth in "SUMMARY—THE PROJECT—*Construction*" in this Official Statement.

Executive Design Review Process has the meaning set forth in Appendix B— "SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT — Design and Construction— *Executive Design Review Process.*"

Exempt Refinancing means (a) any Refinancing that was fully contemplated in the Initial Financial Model (Developer Execution) and calculation of the Supplemental Payment, (b) any amendment, modification, supplement, or consent to any Financing Document or the exercise by a Lender of rights, waivers, consents and similar action in the ordinary course of day to day loan administration and supervision which does not provide a financial benefit to the Company, (c) any changes in taxation or Company's accounting treatment or policies, and (d) any of the following acts by a Lender, (i) the syndication in the ordinary course of business of any such Lender's rights and interests in the Funding Agreements related to the Project Debt, (ii) the grant by such Lenders of any rights of participation, or the disposition by such Lenders of any of its rights or interests in respect of the Funding Agreements related to the Project Debt in favor of any other Lender or any investor, or (iii) the grant by such Lender of any other form of benefit or interest in either the Funding Agreements related to the Project Debt or the revenues or assets of the Company.

FAA means the Federal Aviation Administration of the U.S. Department of Transportation.

Federal Book-Entry Regulations means (i) the U.S. Department of the Treasury's regulations governing "Securities" (as defined in 31 C.F.R. § 357.2) issued by the U.S. Treasury and maintained in the form of entries in the federal reserve banks' book-entry system known as the Treasury/Reserve Automated Debt Entry System (TRADES), as such regulations are set for in 31 C.F.R. Part 357 and (ii) regulations analogous and substantially similar to the regulations described in clause (i) above governing any other automated book-entry system operated by the United States federal reserve banks in which securities issued by government sponsored enterprises are issued, recorded, transferred and maintained in book-entry form.

Federal Tax Certificate means with respect to any issuance of tax exempt Bonds under the Indenture, (a) one or more certificates or agreements that sets forth the Issuer's or the Company's expectations regarding the investment and use of proceeds of any series of tax exempt Bonds and other matters relating to Bond Counsel's opinion regarding the federal and the State of Colorado income tax treatment of interest on such Bonds, including any instructions delivered by Bond Counsel in connection with any such certificate or agreement; and (b) any amendment or modification of any such certificate or agreement that is accompanied by an opinion of Bond Counsel stating that the amendment or modification will not adversely affect the exclusion of the interest on such Bonds from gross income for federal income tax purposes or the exemption of the interest on such Bonds from income taxation for federal and the State of Colorado income tax purposes.

Financial Close means the date the Series 2017 Bonds are issued, authenticated and delivered in accordance with the Indenture and "Financial Close" occurs under the Development Agreement.

Financial Close Date means the date on which the satisfaction or waiver of all conditions precedent to the first utilization or issuance under the Initial Project Financing Agreements (other than the condition as to the effectiveness of the Development Agreement) occurs.

Financial Model Formulas means all mathematical formulas contained in the financial model for the Project and each update thereof for projecting revenues, expenses, the repayment of Project Debt and Distributions to Equity Members that result in achievement of the Equity IRR, without the hard-coded numerical data and information.

Financing Documents means the Loan Agreement, any Supplemental Loan Agreement, the Indenture, any Supplemental Indenture, the Bonds, any promissory notes, the Security Documents, the Company Continuing Disclosure Agreement, Owner Continuing Disclosure Agreement, the Intercreditor Agreement, the Additional

Financing Documents and each other document or instrument required to be executed and delivered by the aforementioned agreements.

Fiscal Year means with respect to:

(a) the Owner, the twelve months commencing on July 1 of any calendar year and ending on June 30 of such calendar year, or any other 12-month period which the Owner designates as its fiscal year and;

(b) the Company, the twelve months commencing on January 1 of any calendar year and ending on December 31 of such calendar year, or any other 12-month period which the Company designates as its fiscal year.

Fitch means Fitch Ratings and any successor thereto which is an NRSRO.

Flow of Funds has the meaning given to such term in “PROJECT ACCOUNTS AND FLOW OF FUNDS—Flow of Funds.”

Force Majeure Event means the occurrence of any of the following events that materially and adversely affects performance of the Company’s obligations, provided that such events (or the effects of such events) could not have been avoided by the exercise of caution, due diligence, or reasonable efforts, by the Company or any Company-related entity: (a) war (including civil war and revolution), invasion, armed conflict, violent act of foreign enemy, military or armed blockade, or military or armed takeover of the work, in each case occurring within the State of Colorado; (b) any act of riot, insurrection, civil commotion or sabotage at the Airport that causes direct physical damage to the work or material disruption to the operation and maintenance or the Concessions operations; (c) nuclear explosion, radioactive or chemical contamination of the work site, unless the source of the explosion, contamination, radiation or contaminated material is brought to or near the work site by the Company or any Company-related entity; (d) fire, explosion, floods caused by natural events, tornados, gradual inundation caused by natural events, sinkholes caused by natural events or landslides caused by natural events, in each case that directly impacts the physical improvements of the Project; (e) earthquake; (f) terrorism that occurs at the Airport; or (g) any emergency declared by the Governor of the State of Colorado, the City Mayor or the Chief Executive Officer of the Owner with respect to the matters contemplated above that includes the work site.

Formal DBC Administrative Modification shall mean the administrative modification to the Denver Building Code in connection with the Project.

Functional Area has the meaning given to it in the Development Agreement.

Functional Area Readiness means with respect to any Functional Area, the occurrence of all events and satisfaction of all conditions set forth in the Development Agreement, as and when confirmed by the Owner’s issuance of a Certificate of Functional Area Readiness in accordance with the procedures and within the time frame established in the Development Agreement.

Funding Agreements mean the Initial Project Financing Agreements and any other documents designated by the parties to the Development Agreement as a funding agreement.

Funds has the meaning given to such term in “FINANCING FOR THE PROJECT—Senior Debt—Indenture—*Funds to Be Established under the Indenture*—Rebate Fund.”

Funds Transfer Certificate means a certificate prepared by the Company in accordance with the terms of the Collateral Agency Agreement substantially in the form contemplated thereby containing the certifications by the

Company required by the Collateral Agency Agreement with respect to a requested transfer of funds from a Project Account.

GAAP means such accepted accounting practice as conforms at the time to applicable generally accepted accounting principles in the United States of America, consistently applied; provided, however, that in applying GAAP non-cash adjustments shall not be made.

General Junior Lien Bond Ordinance means the Airport System Junior Lien General Bond Ordinance related to the terms of the Owner's ability to issue and incur junior lien indebtedness.

General Subordinate Bond Ordinance means, Ordinance No. 302, Series of 2013, cited as the "Amended and Restated Airport System General Subordinate Bond Ordinance," as amended and supplemented from time to time.

Gross Revenues has the meaning given to such term in Appendix G— "CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT—Appendix 1 — GLOSSARY OF TERMS."

Hedging Agreement means, any agreement entered into, or to be entered into, by the Company and a Hedging Bank, for a Hedging Transaction in connection with any floating rate Permitted Indebtedness.

Hedging Bank means any entity that becomes a party to a Hedging Agreement and which has become a party to the Intercreditor Agreement by joinder or otherwise, and its successors and assigns.

Hedging Obligations means, collectively, the payment of (a) all scheduled amounts payable to the Hedging Banks by the Company under the Hedging Agreements (including interest accruing after the date of any filing by the Company of any petition in bankruptcy or the commencement of any bankruptcy, insolvency or similar proceeding with respect to the Company), net of all scheduled amounts payable to the Company by such Hedging Banks, and (b) all other indebtedness, fees, indemnities and other amounts payable by the Company to the Hedging Banks under such Hedging Agreements, net of all other indebtedness, fees, indemnities and other amounts payable by the Hedging Banks to the Company under such Hedging Agreements; provided that, Hedging Obligations will not include Hedging Termination Obligations. For the avoidance of doubt, all calculations of such amounts payable under the Hedging Agreements will be made in accordance with the terms of the applicable Hedging Agreements.

Hedging Termination Obligations means the aggregate amount payable to the Hedging Banks by the Company upon the early unwind of all or a portion of the Hedging Agreements, net of all amounts payable to the Company by such Hedging Banks upon the early unwind of all or a portion of such Hedging Agreements. For the avoidance of doubt, all calculations of such amounts payable under the Hedging Agreements will be made in accordance with the terms of the applicable Hedging Agreements.

Hedging Transaction means any interest rate protection agreement, interest rate swap transaction, interest rate "cap", "collar" or "floor" transaction, interest rate future, interest rate option or other similar hedging arrangement commonly used in loan transactions to hedge against interest rate increases.

HoldCo has the meaning set forth in "SUMMARY—The Company."

Indemnified Parties has the meaning set forth in Appendix B—"SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT —Insurance, Payment and Performance Security and Indemnity—*Indemnity.*"

Indenture has the meaning given to such term on the cover page hereof and any amendment or supplement thereto.

Initial Equity IRR (Developer Execution) means 10.8%, which is the Equity IRR reflected in the Initial Financial Model (Developer Execution).

Initial Equity IRR (Financial Close) means the Equity IRR reflected in the Initial Financial Model (Financial Close).

Initial Financial Model (Developer Execution) means the financial computer model, including the Financial Model Formulas and the related output, that is used to produce the financial forecasts in respect of the Project as of the date the Development Agreement was executed by the Company, which has been audited by an independent model auditor reasonably acceptable to the Owner, is escrowed in accordance with the Development Agreement and the Escrow Agreement, and results in achievement of the Initial Equity IRR (Developer Execution).

Initial Financial Model (Financial Close) means the financial computer model, including the Financial Model Formulas and the related output, that is used to produce the financial forecasts in respect of the Project as of the Financial Close Date in accordance with the final step of the Bond rate protection period adjustment protocol set forth in the Development Agreement and which has been audited by an independent model auditor reasonably acceptable to the Owner, is escrowed in accordance with the Development Agreement and the Escrow Agreement, and results in achievement of the Initial Equity IRR (Financial Close).

Initial Project Financing Agreements means collectively the Indenture, the Series 2017 Bonds, the Loan Agreement and each Security Document.

Intercreditor Agent means the Person appointed by the Senior Creditors to perform the duties of the intercreditor agent under the Intercreditor Agreement.

Intercreditor Agreement means the Intercreditor Agreement in the form attached to the Indenture as Exhibit B, to be entered into by the Trustee, the Collateral Agent, the applicable Senior Creditor Representative and the Intercreditor Agent upon the first incurrence of Additional Senior Obligations by the Company after the Closing Date.

Intercreditor Vote means the vote of the Senior Creditors in accordance with the procedures set forth in the Intercreditor Agreement deciding where in accordance with the Intercreditor Agreement or any other Financing Document, any direction or other decision or action of the Intercreditor Agent or the Collateral Agent is requested or required, including, in each case, in connection with any proposed modification to any Financing Document to which such agent is party, or any decision of the Required Creditors is required, the giving of such direction, the making of such decision or the taking of such action by the Intercreditor Agent, the Collateral Agent or the Required Creditors, as applicable.

Interest Account has the meaning given to such term in “FINANCING FOR THE PROJECT—Senior Debt—*Indenture—Funds to Be Established under the Indenture—Debt Service Fund.*”

Interest Payment Date means for the Series 2017 Bonds, each March 31 and September 30, commencing on March 31, 2018, and for any Additional Bonds, as defined in the applicable Supplemental Indenture.

Interim Payment Date means any day that (a) is a date on which interest on or principal in respect of any Additional Senior Obligation is scheduled to be paid and (b) is not a Calculation Date.

Interim Payment Period means, at any time that interest on or principal in respect of any Additional Senior Obligation is scheduled to be paid on an Interim Payment Date, the period commencing on the immediately preceding Interim Payment Date and ending on such Interim Payment Date.

IRS means the Internal Revenue Service.

Issued for Construction Documents means the signed and sealed plans and specifications prepared by the architects of record and/or engineers of record licensed in the State of Colorado, as applicable, and accepted by the Owner and stamped “Released for Construction” dated and initialed by the reviewer, including reproductions thereof, showing the location, character, dimensions, and details of the work for the Project.

Issuer has the meaning given to such term on the cover page hereof.

Issuer Indemnified Persons means, collectively, (i) the Sponsors, (ii) the Members and (iii) each and all of the Issuer, the Sponsors' and the Members' respective past, present and future directors, board members, governing members, trustees, commissioners, elected or appointed officials, officers, employees, Authorized Signatories, attorneys, contractors, subcontractors, agents and advisers (including counsel and financial advisers) and each of their respective heirs, successors and assigns.

Law means any current or future order, writ, injunction, decree, judgment, law, ordinance, decision, opinion, ruling, statute, code, rule or regulation of any governmental authority.

Lenders means, any holder of a beneficial interest in a Security Document, including any financial guarantor, which is a provider of debt for the Project or any guaranty or credit enhancement in respect thereof, and any participating parties, trustees and agents, including the Collateral Agent, together with their respective successors and assigns.

Lenders' Liabilities means, at the relevant time, the aggregate of (without double counting), all principal, interest (including capitalized and default interest under the Financing Documents, but with respect to default interest, only to the extent that it arises as a result of the Owner making any payment later than the date that it is due under the Development Agreement or any other default by the Owner under the Development Agreement), banking fees, premiums or reimbursement obligations with respect to financial insurance policies, agent and trustee fees, costs and expenses properly incurred owing or outstanding to the Lenders by the Company under or pursuant to the Financing Documents on the date on which the relevant termination payment is received by the Company, including any prepayment premiums or penalties, make-whole payments or other prepayment amounts, including costs of early termination of interest rate and inflation rate hedging, swap, collar or cap arrangements, that the Company must pay, or that may be payable or credited to the Company, under any Funding Agreement or Security Document or otherwise as a result of the payment, redemption or acceleration of all or any portion of the principal amount of Project Debt prior to its scheduled payment date that are determined to be reasonable by the Owner at the time the Owner reviews and approves the Funding Agreements, excluding, however, any such amounts included in the principal amount of any Refinancing in excess of 10% of Lenders' Liabilities and any interest, fees or other amounts to the extent that they relate to such excess principal amount.

Lenders' Technical Advisor means, with respect to references related to the:

- (a) Collateral Agency Agreement, Infrata Limited or any independent, nationally-recognized engineering firm selected by the Company, acting as technical advisor from time to time, which advisor will enter into an engagement agreement providing for a duty of loyalty and care in the carrying out of its services solely to the Secured Creditors or any agent acting on behalf thereof; and
- (b) Technical Advisor Report, Infrata Limited.

Letter Agreement has the meaning given to such term in "THE PRINCIPAL PROJECT AGREEMENTS—Certain Other Project Related Agreements —Letter Agreement related to Financial Close Distributions."

Level 5.5 Project means a project to provide a baggage handling system between the ticket counters on level 6 of the Terminal and the screening systems in each Terminal module on levels 3 and 4 to enable security screening to be relocated to level 6 of module 1.

Loan has the meaning given to such term in "—FINANCING FOR THE PROJECT—*Loan Agreement*".

Loan Agreement has the meaning given to such term on the cover page hereof.

Loan Agreement Event of Default means an "Event of Default" under and as defined as an "SLA Event of Default" in the Loan Agreement.

Loss Proceeds means any proceeds resulting from any event that causes any portion of the Project to be damaged, destroyed or rendered unfit for normal use for any reason whatsoever, including through a failure of title,

or any loss of such property, or a condemnation, including proceeds of insurance (whether by way of claims, return of premiums, ex gratia settlements or otherwise).

Loss Proceeds Account means the “Loss Proceeds Account” established and created in the name of the Company pursuant to the Collateral Agency Agreement and as described in “PROJECT ACCOUNTS AND FLOW OF FUNDS—Project Accounts—*Description of Project Accounts—Loss Proceeds Account.*”

Major Maintenance all reasonably necessary periodic major overhaul and repair (excluding any maintenance or repair of a routine or ordinary course or nature) of the Project equipment and systems that is required to be performed in accordance with the Development Agreement or otherwise in respect of the Project.

Major Maintenance Costs means all Capital Expenditures relating to Major Maintenance.

Major Maintenance Reserve Account means the “Major Maintenance Reserve Account” established and created in the name of the Company pursuant to the Collateral Agency Agreement and as described in “PROJECT ACCOUNTS AND FLOW OF FUNDS—Project Accounts—*Description of the Project Accounts—Major Maintenance Reserve Account.*”

Major Maintenance Reserve Required Balance means (i) on the Project Substantial Completion Date, \$5,486,585.13 million and (ii) at any time thereafter, the Major Maintenance Costs and Required Capital Expenditures as set out in the annual operating budget (as updated) and related future projections. For Major Maintenance Costs and Required Capital Expenditures incurred in a semi-annual period “N,” the minimum Major Maintenance Reserve Required Balance at the beginning of semi-annual period “N” would be as follows:

Semi-Annual Period	Percentage
N	100
N+1	80
N+2	60
N+3	40
N+4	20
N+5	0

Manuals and Guidelines means the codes, specifications, standards, manuals and guidelines identified in the Technical Requirements, as amended, supplemented or replaced from time to time.

Material Adverse Effect means a material adverse effect on (a) the Project (for the avoidance of doubt excluding any adverse impact solely on the Owner), (b) the business operations, properties or conditions (financial or otherwise) of the Company or any other relevant Company related party, (c) the legality, validity or enforceability of any material provision of the Collateral Agency Agreement any other Financing Document or any Principal Project Contract, (d) the ability of the Company or any other relevant Company related party to perform or comply with any of its material obligations under the Transaction Documents to which it is a party, (e) the validity, perfection or priority of the liens provided under the Security Documents on the Collateral in favor of Collateral Agent on behalf of the Secured Parties or (f) the ability of the Collateral Agent or any Secured Creditor to enforce their rights and remedies under the Financing Documents or any related document, instrument or agreement.

Maximum Annual Supplemental Payment means the maximum Supplemental Payment that the Company can earn in a given Fiscal Year during the Project Operating Period.

Member means the parties to the Joint Exercise Agreement and any political subdivision that has been designated in the past, or from time to time in the future is designated as a member of Issuer pursuant to the Joint Exercise Agreement.

Monthly Funding Date means the last day of each calendar month or, if such a day is not a business day, the next succeeding business day.

Moody's means Moody's Investors Service, Inc or any successor thereto which is an NRSRO.

MSRB has the meaning given to such term in "CONTINUING DISCLOSURE OF INFORMATION."

Net Cash Flow means:

- (i) the sum of the following (without duplication):
 - (A) aggregate Project Revenues received during such period or (in the case of a projection) projected to be received during such period; and
 - (B) with respect to any Calculation Period, any draws under any letter of credit, including any Acceptable Letter of Credit, in each case, available for purposes of the Major Maintenance Reserve Account made in the relevant period and withdrawals from the Major Maintenance Reserve Account during the relevant period, plus
- (ii) with respect to any Calculation Period ending prior to the 10th anniversary of the Project Substantial Completion Date, any amounts available to be drawn under any Acceptable Letter of Credit, available for purposes of the Major Maintenance Reserve Account or any available amounts in the Major Maintenance Reserve Account, less
- (iii) the sum of the following (without duplication):
 - (A) the Operations and Maintenance Expenses paid during such period with Project Revenues or (in the case of a projection) projected to be paid during such period with Project Revenues;
 - (B) all Major Maintenance Costs (to the extent not funded (or in the case of a projection) projected to be funded from amounts deposited in the Major Maintenance Reserve Account or from any source other than Project Revenues (other than any amounts funded (or in the case of a projection) projected to be funded with proceeds of draws or withdrawals contemplated in clause (i)(B) above and added to Project Revenues as contemplated in clause (i) above for such period)) paid or (in the case of a projection) projected to be paid during such period;
 - (C) all Capital Expenditures (excluding Discretionary Capital Expenditures) paid (or in the case of a projection) projected to be paid during such period (excluding any such Capital Expenditures that are funded (or in the in the case of a projection) projected to be funded from amounts deposited in the Major Maintenance Reserve Account or with proceeds other than Project Revenues (other than any amounts funded (or in the case of a projection) projected to be funded with proceeds of draws or withdrawals contemplated in clause (i)(B) above and added to Project Revenues as contemplated in clause (i) above for such period)); and
 - (D) deposits to the Major Maintenance Reserve Account made or (in the case of a projection) projected to be made hereunder during such period.

Net Loss Proceeds means all Loss Proceeds received by the Company or to its order, other than in respect of business interruption or anticipated loss in revenue, or casualty loss proceeds involving a casualty loss of less than \$1,000,000.

Non-Compensable Non-Discriminatory O&M Change means any Non-Discriminatory O&M Change other than a Compensable Non-Discriminatory O&M Change.

Non-Concessions Revenue means any rent received by the Company for use of commercial storage.

Non-Discriminatory O&M Change means any change or addition to, or replacement of, requirements in the Technical Requirements relating to the operations and maintenance services for the Project (including revisions to the Manuals and Guidelines, adoption of new manuals and publications, changed, added or replacement standards, criteria, requirements, conditions, procedures, specifications and other technical provisions) of general application to comparable Owner projects.

Non-Recourse Acceptable Letter of Credit means an irrevocable standby letter of credit, which is (a) denominated in United States Dollars, (b) without recourse to the Company, and (c) issued in favor of the Collateral Agent by a Qualified Issuer.

NRSRO means Standard & Poor's Financial Services, Moody's Investors Service, Inc., Fitch Ratings, or any successors thereto, or any other nationally recognized statistical rating organization identified as such by the Securities and Exchange Commission.

NTP 1 means the written notice issued by the Owner to the Company authorizing the Company to proceed with design work (other than the Early Design Work).

NTP 2 means the written notice issued by the Owner to the Company authorizing the Company to proceed with construction work for the Construction Period.

Operating Account has the meaning given to such term in "PROJECT ACCOUNTS AND FLOW OF FUNDS—Project Accounts."

Operations and Maintenance Expenses means all actual cash maintenance and operation costs (excluding all costs of Capital Expenditures and payments in respect of indebtedness other than as explicitly set forth in this definition) incurred and paid (or, if applicable, forecast to be incurred and paid) in connection with the operation and maintenance of the Project in any particular calendar year, Company Fiscal Year or other period to which said term is applicable, including payments made pursuant to the Development Agreement (including any Owner Commercial Revenues and any Deduction Amounts (as defined in the Development Agreement) then due and payable to the Owner pursuant to the terms and conditions of the Development Agreement) or other Contract Document, payments made or required to be made to any consultants, financing fees payable to Secured Creditors, payments made or required to be made for Taxes, insurance, consumables, advertising, marketing, payments under real property agreements pursuant to which the Company has rights in the Project, payments pursuant to the agreements for the management, operation or maintenance of the Project, reasonable legal fees and expenses paid by the Company in connection with the management, maintenance or operation of the Project, fees paid in connection with obtaining, transferring, maintaining or amending any governmental approvals, costs incurred in connection with the performance of environmental mitigation work to be carried out by the Company, amounts required for deposits into any account maintained in accordance with the Financing Documents for such purposes and reasonable general and administrative expenses, but exclusive in all cases of noncash charges, including depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature.

Original Issue Discount Bond means any Bond which is sold at an initial public offering price (as set forth in the Bond Purchase Agreement) of less than par.

Owner has the meaning given to such term on the cover page hereof.

Owner Commercial Revenue has the meaning given to such term in "THE PROJECT—*Progress Payments, Revenues of the Company, Supplemental Payments and Company Commercial Revenue.*"

Owner Continuing Disclosure Agreement means the Continuing Disclosure Agreement entered into by the Owner on December 1, 2017.

Owner Termination Compensation has the meaning set forth in Appendix B—"SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT —Termination — *Termination for Convenience.*"

Participant has the meaning given to such term in “THE BONDS—Book-Entry-Only System.”

Party means, with respect to any written agreement, a party to such agreement.

Passenger Capacity Threshold means 27.7 million annual originating passengers at the Denver International Airport.

Paying Agent means the Trustee or any other bank or trust company designated by the Issuer as Paying Agent pursuant to the Indenture.

Payment Date means each Calculation Date.

Permitted Indebtedness has the meaning given to such term in “FINANCING FOR THE PROJECT—Senior Debt—*Loan Agreement—Special Covenants of the Company—Permitted Indebtedness.*”

Permitted Investments means, with respect to the investment of amounts on deposit in any Project Account:

- (A) marketable direct obligations of the United States of America;
- (B) marketable obligations directly and fully guaranteed as to interest and principal by the United States of America;
- (C) demand deposits with the Collateral Agent, and time deposits, certificates of deposit and banker’s acceptances issued by (i) the Collateral Agent, so long as its long-term debt securities have at a minimum the following ratings by at least two of the following credit rating agencies: "A-" by S&P; "A3" by Moody’s; and "A-" by Fitch; or (ii) any member bank of the federal reserve system which is organized under the laws of the United States of America or any political subdivision thereof or under the laws of Canada, Switzerland or any country which is a member of the European Union having a combined capital and surplus of at least \$500,000,000 and having long-term unsecured debt securities which have at a minimum the following ratings by at least two of the following credit rating agencies: "A-" by S&P; "A3" by Moody’s; and "A-" by Fitch;
- (D) commercial paper or tax-exempt obligations given the highest rating by at least two of the following credit rating agencies: S&P, Moody’s and Fitch;
- (E) obligations of the Collateral Agent meeting the requirements of clause (c) above or any other bank meeting the requirements of clause (c) above, in respect of the repurchase of obligations of the type as described in clauses (a) and (b) above; provided that, such repurchase obligations will be fully secured by obligations of the type described in said clauses (a) and (b) above and the possession of such obligations will be transferred to, and segregated from other obligations owned by, the Collateral Agent or such other bank;
- (F) a money market fund or a qualified investment fund (including any such fund for which the Collateral Agent or any affiliate thereof acts as an advisor or manager) given one of the two highest long-term ratings by at least two of the following credit rating agencies: S&P, Moody’s and Fitch;
- (G) Eurodollar certificates of deposit issued by the Collateral Agent meeting the requirements of clause (c) above or any other bank meeting the requirements of clause (c) above;
- (H) federal funds, unsecured certificates of deposits, time deposits, and banker’s acceptances having maturities of not more than 365 days, of any bank, the short-term debt obligations of which have at a minimum the following ratings by at least two of the following rating agencies: "A-2" by S&P; "P-2" by Moody’s; and "F2" by Fitch;
- (I) deposits that are fully insured by the Federal Deposit Insurance Corporation and do not have an ‘r’ suffix attached to their rating;

(J) commercial paper which has at a minimum the following ratings by at least two of the following credit rating agencies: "A-2" by S&P; "P-2" by Moody's; and "F2" by Fitch and maturing in 365 days or less, and does not have an 'r' suffix attached to its rating; and

(K) principal-only strips and interest-only strips of non-callable obligations issued by the U.S. Treasury, and REFCORP securities stripped by the Federal Reserve Bank of New York.

Permitted Lien means:

(a) liens created pursuant to, or permitted or contemplated by, the Financing Documents (for the avoidance of doubt, including in respect of any secured Permitted Subordinated Debt, as applicable);

(b) liens, deposits or pledges incurred or created in the ordinary course of business or under applicable governmental rules in connection with or to secure the performance of bids, tenders, trade contracts, contracts, leases, statutory obligations, surety bonds, appeal bonds and other obligations of a like nature;

(c) mechanics', materialmen's, workers', repairmen's, employees', warehousemen's, carriers' or other like liens arising in the ordinary course of business or under applicable governmental rules securing obligations incurred in connection with the Project which are not overdue by more than 30 days or which are adequately bonded or which are being contested by the Company in good faith by appropriate proceedings and so long as the Company will, to the extent required by GAAP on a consistent basis, set aside on its books adequate reserves with respect thereto;

(d) liens for taxes, assessments or governmental charges either secured by a bond reasonably acceptable to the Trustee or which are not yet due or which are being contested by the Company in good faith by appropriate proceedings and so long as the Company will, to the extent required by GAAP on a consistent basis, set aside on its books adequate reserves with respect thereto;

(e) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance, and other social security laws or regulations;

(f) liens arising out of judgments or awards fully covered by insurance, that do not constitute an Event of Default, or with respect to which an appeal or proceeding for review is being prosecuted by the Company in good faith by appropriate proceedings and so long as the Company will, to the extent required by GAAP on a consistent basis, set aside on its books adequate reserves with respect thereto;

(g) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Company;

(h) any lien on the Owner's property or assets;

(i) any lien existing on any property or asset prior to the acquisition thereof by the Company or the Owner; provided that (i) such lien is not created in contemplation of or in connection with such acquisition, (ii) such lien will not apply to any other property or assets of the Company and (iii) such lien will secure only those obligations which it secures on the date of such acquisition, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(j) purchase money security interests in real property, improvements thereto or equipment hereafter acquired (or, in the case of improvements, constructed) by the Company; provided that (i) such security interests secure Permitted Indebtedness, (ii) such security interests are incurred, and the indebtedness secured thereby is created, within 90 days after such acquisition (or construction), (iii) the indebtedness secured thereby does not exceed the fair market value of such real property, improvements or equipment at the time of such acquisition (or construction) and (iv) such security interests do not apply to any other property or assets (other than accessions to such real property, improvements or equipment) of the Company; and

(k) all liens in favor of the Owner contemplated under the Contract Documents.

Permitted Subordinated Debt means indebtedness of the Company, all rights and payments in respect of which are subordinate to the prior payment of the Secured Obligations in accordance with the provisions of Exhibit K to the Collateral Agency Agreement, with each payment of interest and principal subject to satisfaction of the Distribution Conditions from funds then on deposit in the Distribution Account.

Person means any individual, corporation, cooperative, partnership, joint venture, association, joint-stock company, limited liability company, other entity, trust, unincorporated organization or Governmental Authority or other entity of whatever nature.

Pledge Agreement has the meaning given to such term in “SECURITY FOR THE BONDS—Membership Interest Pledge Agreement.”

Pledged Collateral has the meaning given to such term in “SECURITY FOR THE BONDS—Membership Interest Pledge Agreement—*Grant*.”

Pre-Refinancing Equity IRR means the Equity IRR calculated in the pre-Refinancing Financial Model, and calculated for the entire Term taking into account:

- (a) Timing and amounts of the investment by Equity Members;
- (b) Actual distributions received by Equity Members up to the estimated Refinancing date; and
- (c) Projected distributions as shown in the pre-Refinancing Financial Model.

Premium Bonds has the meaning given to such term in “TAX MATTERS—Original Issue Premium.”

Principal Account has the meaning given to such term in “FINANCING FOR THE PROJECT—Senior Debt—*Indenture—Funds to Be Established under the Indenture—Debt Service Fund*.”

Principal Project Contract Indebtedness has the meaning given to such term in “FINANCING FOR THE PROJECT—Senior Debt—*Loan Agreement—Special Covenants of the Company—Additional Senior Obligations*.”

Principal Project Contracts means, collectively, the Design and Construction Contract, the Development Agreement, the Design-Build Guarantee, any other contract entered into by the Company requiring payments by the Company in excess of \$5,000,000 (indexed annually to the CPI) per annum, any other contract entered into by the Company relating to the Project designated as a Principal Project Contract by the Company and the Collateral Agent, and any document that replaces or supplements any of the agreements listed above.

Proceeds Account means the “Proceeds Account” established and created in the name of the Company pursuant to the Collateral Agency Agreement and as described in Appendix D —“SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—The Project Accounts—*Proceeds Account*.”

Progress Payments has the meaning in Appendix B—“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—THE PROJECT—Payments to the Company—*Progress Payments*.”

Project has the meaning in “SUMMARY—THE PROJECT—*Development Agreement*.”

Project Accounts means, collectively, (a) the Proceeds Account, (b) the Loss Proceeds Account, (c) the Construction Proceeds Account (including all sub-accounts thereof, including (i) the Costs of Issuance Sub-Account, (ii) the Bonds Sub-Account, and (iii) the Bonds Interest Reserve Sub-Account, (d) the Debt Service Payment Account (including the sub-accounts thereof, including (i) the Senior Debt Service Payment Sub-Account and (ii) the Bonds Debt Service Interim Payment Sub-Account), (e) the Debt Service Reserve Account (including all sub-accounts thereof, including the 2017 Bonds Debt Service Reserve Sub-Account), (f) the Major Maintenance Reserve Account,

(g) the Distribution Account and (h) the Operating Account, and any sub-accounts of any such accounts. For the avoidance of doubt, the Rebate Fund held by the Trustee specifically does not constitute a Project Account.

Project Consultant means, with respect to references related to the:

(a) Collateral Administration Agreement, an independent, nationally-recognized firm selected by the Company experienced in the field of planning the development, operation and management of airports or aviation facilities, acting as project consultant from time to time, which consultant will enter into an engagement agreement providing for a duty of loyalty and care in the carrying out of its services solely to the Secured Creditors or any agent acting on behalf thereof, who is not in the regular employment or control of the Company (or any affiliate thereof), and

(b) Project Consultant Report, ICF, SH&E, Inc.

Project Consultant Report has the meaning given to it in “CONSULTANTS REPORTS—Overview of Reports.”

Project Costs means all costs and expenses paid or incurred or to be paid or incurred (including the reimbursement of the Issuer or the Owner for any of such costs and expenses originally paid or incurred by the Issuer or the Owner) in connection with (provided that the operations and maintenance costs and expenses set forth below may only be funded with proceeds of the Bonds to the extent permitted under any applicable State of Colorado laws or regulations):

(a) planning, designing, engineering, acquiring, installing, constructing, reconstructing, equipping, operating and maintaining the Project and property related to the Project;

(b) amounts, if any, required by any Financing Document evidencing Secured Obligations to be paid into any fund or account upon the incurrence of the Secured Obligations (with respect to proceeds of the Bonds, only such funds and accounts as specifically contemplated to be funded with such proceeds as set forth in the Collateral Agency Agreement on the effective date thereof);

(c) amounts paid in connection with property that is not included in the Project to the extent such amounts are paid (i) as a condition to or otherwise in connection with the acquisition of right-of-way or other property included in the Project, or (ii) with respect to property, or rights to use property, that is or may be used in connection with planning, designing, engineering, acquiring, installing, constructing, reconstructing, operating or maintaining the Project;

(d) developing the Project (including any capacity improvements contemplated by the Development Agreement);

(e) costs of equipment and supplies and initial working capital and reserves required by the Company for the commencement of operation of the Project, including general administrative expenses and overhead of the Company other than to the extent such amounts constitute direct or indirect costs unallowable to the Company and its contractors under 18 C.F.R. Part 31;

(f) financing the Project, including costs and expenses that the Company deems necessary or advantageous in connection with the incurrence of the Financing Documents and the sale of the Bonds and the administration of the Bonds, creation of the Collateral, preparation of the Initial Project Financing Agreements, including costs and expenses relating to the engagement of consultants, financial advisors, underwriters, bond insurers, letter of credit banks, rating agencies, attorneys, trustees, paying agents, registrars, other agents and other persons in connection with the issuance of the Bonds, creation of the Collateral or preparation of the Bonds;

(g) payments when due (whether at the maturity of principal, the due date of interest, or upon optional or mandatory repayment) on any indebtedness of the Company incurred for the Project, including the payment of

interest on the Bonds for a period up to that permitted under applicable laws of the State of Colorado, the Code and Treasury regulations;

(h) amounts required to be deposited into the Rebate Fund pursuant to the Indenture and the Federal Tax Certificate;

(i) other amounts that the Company determines are required to effect the Project;

(j) payments when due pursuant to the terms of any engagement letter executed by the Company (including with a consultant or advisor relating to the Project);

(k) (i) to the extent not in excess of amounts contemplated in the Letter Agreement, development fees of the Equity Participants or their affiliates, (ii) reimbursement in respect of costs of letters of credit (if any) issued by (or on behalf of) the Equity Participants or their affiliates under the Equity Contribution Agreement, and (iii) taxes, assessments or governmental charges payable by the Equity Participants or their affiliates and/or HoldCo or the Company, in each case in connection with the Project;

(l) funding of the 2017 Bonds Debt Service Reserve Sub-Account and the Major Maintenance Reserve Account;

(m) the repayment of obligations incurred by the Company, the proceeds of which obligations were used to pay any amount specified in clauses (a) through (k) of this definition.

Project Debt means all amounts outstanding from time to time pursuant to the Financing Documents.

Project Final Acceptance means the occurrence of all the events and satisfaction of all the conditions set forth in the Development Agreement with respect to the entire construction of the Project, as and when confirmed by the issuance of a Certificate of Final Acceptance by the Owner to the Company.

Project Final Acceptance Date means the date upon which the Company achieves Project Final Acceptance.

Project Final Acceptance Deadline means the date by which the Company must achieve Project Final Acceptance, which is 90 days after the Project Substantial Completion Date.

Project Operating Period means the period starting on the Project Substantial Completion Date and ending on the Termination Date.

Project Revenues means, for any period (without duplication), all revenues actually received by the Company during such period, including but not limited to the Supplemental Payments and Company Concessions Revenue received pursuant to the Development Agreement (but excluding Progress Payments received pursuant to the Development Agreement), interest paid in respect of any funds on deposit in the Project Accounts, proceeds from any business interruption and delay in start-up insurance, revenue derived from any third-party concession, lease or contract, and any other receipts otherwise arising or derived from or paid in respect of the Project, any payments received by the Company under any Principal Project Contract (including any warranty payments, liquidated damages received by the Company under Article 17 of the Design and Construction Contract and any payments made by the Owner to the Company under the Development Agreement, including the proceeds of any Compensation Event and any Termination Compensation), all proceeds of the sale or other disposition of any part of the Project, but excluding proceeds of borrowings, equity contributions to the Company, proceeds of condemnation proceedings and asset sales to the extent that such proceeds are not reinvested in replacement property and property damage insurance payments to the extent such proceeds are not used to restore the affected property and other insurance payments other than proceeds from business interruption insurance.

Projected Senior Debt Service Coverage Ratio means, for any Calculation Period, the ratio between (x) Net Cash Flow (excluding the forecasted proceeds of any business-interruption insurance or interest income, in each case, not yet received) for such Calculation Period commencing on the applicable Calculation Date and ending on the

twelve month anniversary thereof and (y) the Senior Debt Service for such Calculation Period (excluding from "Senior Debt Service", with respect to such Calculation Period, the amount of any debt or any portion thereof that will no longer be outstanding as a result of the issuance or incurrence of Additional Senior Obligations during such Calculation Period).

Project Substantial Completion means the occurrence of all events and satisfaction of all conditions set forth in the Development Agreement with respect to the entire Project, other than certain punch list items, as evidenced by the issuance of a Certificate of Substantial Completion by the Owner to the Company.

Project Substantial Completion Date means the date upon which the Company achieves Project Substantial Completion.

Project Substantial Completion Long Stop Date means the date that is 365 days after the Scheduled Project Substantial Completion Date.

Project Utility Services means, collectively, electrical, data services, domestic water, sanitary, natural gas and heating and cooling Utility services.

Qualified Costs means costs of the Project properly attributable to an exempt airport facility within the meaning of Section 142(a)(1) of the Code and the U.S. Treasury regulations and any land, building, equipment or other property which is functionally related and subordinate to such facility (not including office space except to the extent permitted by the Code and the U.S. Treasury regulations) which are of a character and size commensurate with the characteristics and size of such facility, as provided in the Code, including U.S. Treasury regulation §§1.103-8(a)(3) and 1.103-8(f)(ii)(a), but only to the extent such costs are (i) chargeable as a Capital Expenditure or would be so chargeable either with a proper election or but for a proper election to deduct such costs, within the meaning of U.S. Treasury regulation §1.103-8(a)(1) and (ii) are paid after June 8, 2013 or are preliminary expenditures as described, and subject to the limitations set forth, in U.S. Treasury regulation Section 1.150-2(f). Unless the cost was a preliminary expenditure, no cost paid more than three years before the date of issue of the Bonds is a Qualified Cost. Any cost representing a profit or developer fee paid to the Company or a relevant Company related party, or interest on the Bonds with respect to any portion of the Project that has been placed in-service is not a Qualified Cost.

Qualified Issuer means any bank or trust company authorized to engage in the banking business that is organized under or licensed as a branch or agency under the laws of the United States or any state thereof that has an Acceptable Credit Rating.

Qualifying Change in Law means a discriminatory change in law or any other change in law that requires additional capital expenditures by the Company in excess of \$10,000 in order to comply (but excludes any change in law that results in a Non-Compensable Non-Discriminatory O&M Change).

Rebate Fund has the meaning given to such term in "FINANCING FOR THE PROJECT—Senior Debt—*Indenture—Funds to Be Established under the Indenture—Rebate Fund.*"

Recourse Acceptable Letter of Credit means an irrevocable standby letter of credit, which is (a) denominated in United States Dollars, (b) with recourse to the Company, and (c) issued in favor of the Collateral Agent by a Qualified Issuer.

Redemption Account has the meaning given to such term in "FINANCING FOR THE PROJECT—Senior Debt—*Indenture—Funds to Be Established under the Indenture—Debt Service Fund.*"

Redemption Date means the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms hereof.

Redemption Price means the amount due on a Bond, including any redemption premium, if any, on the date on which it is redeemed prior to maturity pursuant to the redemption provisions applicable to such Bond. Such term does not include the principal and interest due on Term Bonds on the dates such Bonds are to be redeemed in

accordance with a mandatory redemption schedule set forth in “THE BONDS—Redemption—*Mandatory Redemption.*”

Refinancing means:

- (a) any amendment, variation, novation or supplement of any Project Debt, Financing Documents, including the initial Project Debt, and the initial Financing Documents, that results in a reduced interest rate, an increase of such Project Debt, or a tangible financial benefit to the Company;
- (b) the issuance by the Company of any Project Debt other than the initial Project Debt, secured or unsecured;
- (c) the disposition of any rights or interests in or the creation of any rights of participation in respect of the Project Debt of the Financing Documents, or the creation or granting of any other form of benefit or interest in either the Financing Documents or the Company’s interest, whether by way of security or otherwise by the Company; or
- (d) any other arrangement put in place by the Company or another Person which has an effect similar to the arrangements discussed in clauses (a) through (c) above.

The term Refinancing excludes (i) equity transfer or (ii) any sale or transfer of any Equity Member Debt or Equity Members’ existing rights and/or interest under the Equity Members Funding Agreement.

Refinancing Gain means, with respect to any Refinancing other than an Exempt Refinancing (in respect of which the Refinancing Gain shall be deemed to be zero), the greater of zero and [(A-B)-C] where:

A = net present value of the distributions to be made from the estimated Refinancing date to the end of the Term as projected in the post-Refinancing Financial Model, discounted using the Equity IRR to the estimated date of the Refinancing, provided that for purposes of this calculation, payment to the Owner of its portion of the Refinancing Gain for which the calculation is being made shall not be deducted from distributions;

B = net present value of the distributions to be made from the estimated Refinancing date to the end of the Term as projected in the pre-Refinancing Financial Model, discounted using the Equity IRR to the estimated date of the Refinancing; and

C = any adjustment required to raise the Pre-Refinancing Equity IRR to the Initial Equity IRR.

Refinancing Indebtedness” has the meaning given to such term in “FINANCING FOR THE PROJECT—Senior Debt—*Loan Agreement—Special Covenants of the Company—Additional Senior Obligations.*”

Relief Event has the meaning given to it in the Development Agreement.

Remaining Base Commitment Amount means, in respect of each Equity Participant as of any date of determination, such Equity Participant’s Base Capital Commitment less the cumulative amount of all Base Capital Contributions previously made by such Equity Participant.

Remaining Contingent Commitment Amount means, in respect of each Equity Participant as of any date of determination, such Equity Participant’s Contingent Capital Commitment less the cumulative amount of all Contingent Capital Contributions previously made by such Equity Participant.

Required Capital Expenditures means Capital Expenditures certified by the Company to the Collateral Agent or required to be made under the Development Agreement, which will include the work but exclude any Major Maintenance Costs.

Required Creditors mean Senior Creditors (other than any Non-Voting Creditor) holding more than fifty percent (50%) of the aggregate principal amount outstanding of the Senior Obligations (other than any Senior Obligations held by any Non-Voting Secured Creditor).

Rescue Refinancing means any Refinancing that:

- (a) occurs due to the failure or imminent failure of the Company to comply with any material financial obligation under any Funding Agreement or Security Document.
- (b) results in the cure of such failure or imminent failure;
- (c) does not result in an increase in the Equity IRR beyond the initial Equity IRR; and
- (d) does not result in an actual or potential increase of Lenders' Liabilities by more than 10%.

Reserve Requirement Indebtedness has the meaning given to such term in “FINANCING FOR THE PROJECT—Senior Debt—*Loan Agreement—Special Covenants of the Company—Additional Senior Obligations.*”

Reserved Rights means the rights of the Issuer under the Indenture and under the Loan Agreement, particularly, but without limitation, its express rights set out in the Loan Agreement granting the Issuer access rights to the Project site and all books, records and other information related to the Project, a right to examine or audit the Company's books and records and discuss the Project with officers and employees of the Company, its right in certain circumstances to employ attorneys or incur other expenses at the cost of the Company and its right to receive certain notices, and, to the extent not expressly provided in for in the foregoing, the Issuer's rights under the Indenture or under the Loan Agreement to (i) inspect books and records, (ii) give or receive notices, approvals, consents, requests, and other communications, (iii) receive payment or reimbursement for expenses; (iv) immunity from and limitation on liability; (v) indemnification (as provided in the fee and indemnity agreement between the Issuer and the Company); and (vi) to enforce, in its own name and on its own behalf, those provisions in the Indenture and the Loan Agreement, the fee and indemnity agreement between the Issuer and the Company and any other document, instrument or agreement entered into with respect to the Bonds that provides generally for the foregoing enumerated rights or any similar rights of the Issuer or any Issuer Indemnified Person. For avoidance of doubt, the “Reserved Rights” referenced in clauses (iv) and (v) above, shall include (but not be limited to) the rights of the Issuer Indemnified Persons to immunity from and limitation from liability by the Borrower as provided in the fee and indemnity agreement between the Issuer and the Company.

Rule 15c2-12 means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

S&P or Standard & Poor's means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc or any successor thereto which is an NRSRO.

Scheduled Company TSA Screening Area Handover Date means the date on which the Company is required to hand over the TSA screening area to the Owner for the Owner to carry out its work related with the TSA screening area, as such date may be adjusted from time to time in accordance with the Contract Documents.

Scheduled Functional Area Readiness Date means, with respect to a Functional Area, the applicable Baseline Functional Area Readiness Date, as such date may be adjusted from time to time in accordance with the Contract Documents.

Scheduled Project Substantial Completion Date means the Baseline Project Substantial Completion Date, as such date may be adjusted from time to time in accordance with the Contract Documents.

Scope Documents means the documents attached as Appendix 1 of the Technical Requirements regarding the scope of the design and construction work.

Secured Obligations means:

(a) all present and future indebtedness and other obligations of the Company incurred under the Financing Documents, including principal, interest, fees (including interest and fees accruing after the commencement of a proceeding by or against the Company under any insolvency law, regardless of whether such interest and fees are allowed claims in such proceeding), premiums, reimbursement obligations, collection costs and expenses, indemnities and all other amounts, liabilities and obligations of the Company arising thereunder;

(b) all amounts owed under any modifications, renewals or extensions of any of the foregoing obligations; and

(c) all obligations of any kind owed by the Company to the Issuer or any Issuer Indemnified Person related to the Bonds;

in each case, whether fixed or contingent, matured or unmatured, liquidated or unliquidated, disputed or undisputed, legal or equitable or joint or owed jointly or severally or in any other capacity whatsoever.

Secured Parties means collectively, the Collateral Agent, the Issuer and the Secured Creditors.

Securities Accounts means has the meaning given to such term in Appendix D—“SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—The Project Accounts—*Establishment of Project Accounts.*”

Securities Act means the federal Securities Act of 1933, as amended.

Securities Intermediary means the party designated the securities intermediary pursuant to the Collateral Agency Agreement.

Security Documents means the Collateral Agency Agreement, the Security Agreement, the Pledge Agreement, the Equity Contribution Agreement, each Capital Contributions Letter of Credit, each Control Agreement, the Design and Construction Contractor Direct Agreement, the Design and Construction Guarantor Direct Agreement, the DA Direct Agreement, each Acceptable Letter of Credit, in each case, available for purposes of the Major Maintenance Reserve Account or the Debt Service Reserve Account (or any sub-account thereof) and each other document or instrument from time to time pursuant to which a lien or security interest is granted or perfected with respect to the Collateral.

Segregated Collateral means, collectively, (a) the Bonds Sub-Account, the Cost of Issuance Sub-Account, the Bonds Interest Reserve Sub-Account, the Bonds Debt Service Interim Payment Sub-Account, the 2017 Bonds Debt Service Reserve Sub-Account and, in each case, all respective amounts on deposit therein or credited thereto, which is pledged for the sole benefit of the Owners of the Series 2017 Bonds, and (b) any additional account or sub-account established solely for the benefit of a single class of Secured Creditor and all respective amounts on deposit therein or credited thereto.

Senior Creditor Representative means any agent or trustee performing an administrative or fiduciary role for an Additional Senior Creditor pursuant to an Additional Financing Document.

Senior Creditors or **Secured Creditors** means, collectively, (a) the Beneficial Owners, (b) the Trustee, (c) any Additional Senior Creditor, and (d) any Hedging Bank party to a Hedging Agreement entered into in connection with any Additional Senior Obligations that shall have become a party to the Intercreditor Agreement as contemplated in the Intercreditor Agreement.

Senior Debt Service means, for any Calculation Period or other period of determination, any scheduled debt service on account of any Senior Obligations (including any scheduled mandatory redemption payments thereon, but excluding any extraordinary mandatory redemptions).

Senior Debt Service Coverage Ratio means, for any Calculation Period, the ratio between (x) Net Cash Flow for such Calculation Period ending on the applicable Calculation Date or Distribution Date, and (y) Senior Debt Service less any amounts to be applied to pay Senior Debt Service from the Bonds Interest Reserve Sub-Account (or such amounts remaining in the Bonds Interest Reserve Sub-Account prior to the transfer on the Project Substantial Completion Date and transferred into the Proceeds Account to be applied to pay Senior Debt Service) for such Calculation Period (excluding from "Senior Debt Service", with respect to any such Calculation Period, the amount of any debt or any portion thereof that is no longer outstanding as a result of the issuance or incurrence of Additional Senior Obligations).

Senior Debt Service Payment Sub-Account means the "Senior Debt Service Payment Sub-Account" established and created in the name of the Company pursuant to the Collateral Agency Agreement and as described in Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—The Project Accounts—*Debt Service Payment Account*."

Senior Obligations means:

(a) all present and future indebtedness and other obligations of the Company incurred under the Loan Agreement, including principal, interest, fees (including interest and fees accruing after the commencement of a proceeding by or against the Company any insolvency law, regardless of whether such interest and fees are allowed claims in such proceeding), premiums, reimbursement obligations, collection costs and expenses, indemnities and all other amounts, liabilities and obligations of the Company arising thereunder;

(b) any Additional Senior Obligations; and

(c) all amounts owed under any modifications, renewals or extensions of any of the foregoing obligations;

in each case, whether fixed or contingent, matured or unmatured, liquidated or unliquidated, disputed or undisputed, legal or equitable or joint or owed jointly or severally or in any other capacity whatsoever.

Series 2017 Bonds has the meaning set forth on the cover page hereof.

Shared Collateral means any Collateral that is not Segregated Collateral.

Sponsor means the National League of Cities, the National Association of Counties, the Wisconsin Counties Association, the League of Wisconsin Municipalities, and any other Person that holds itself out, or is identified by the Issuer, as an organization sponsoring the Issuer.

State means the State of Wisconsin.

State Law means the Laws of the State of Wisconsin.

Supplemental Indenture means any indenture supplemental to or amendatory of the Indenture, executed and delivered by the Issuer and the Trustee in accordance with the Indenture.

Supplemental Junior Lien Bond Ordinance means the Airport System Supplemental Junior Lien Bond Ordinance related to the obligations of the Owner to make Supplemental Payments.

Supplemental Loan Agreement means, for each series of Additional Parity Bonds, the supplemental loan agreement to be executed by the Issuer and the Company in connection with the issuance of any Additional Parity Bonds pursuant to the Indenture, with such changes as are acceptable to the Company and the Issuer.

Supplemental Payments has the meaning given to it in Appendix B—"SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Payments to Company—*Supplemental Payments*."

Taxes means any and all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other similar charges now or hereafter imposed, levied, collected, withheld or assessed by any governmental authority, including any interest, additions to tax, penalties or similar liability with respect thereto.

Technical Requirements means the technical requirements of the Project identified in the Development Agreement as Volume II of the Contract Documents, as such provisions may be changed, added to or replaced pursuant to the Development Agreement.

Technical Services Agreement has the meaning given to it in “THE PRINCIPAL PROJECT AGREEMENTS—Certain Other Project Related Agreements—*Technical Services Agreement*.”

Term means the term of the Development Agreement.

Term Bonds means any Bonds the retirement of which shall be provided for from scheduled periodic redemptions prior to maturity.

Terminal has the meaning given to such term on the cover page hereof.

Terminal Improvements has the meaning given to such term on the cover page hereof.

Termination Compensation means each of the measures of compensation owing from the Owner to the Company upon termination of the Development Agreement prior to the stated expiration of the Term, as set forth in the Development Agreement.

Termination Date has the meaning given to such term in Appendix B —“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Rights and Obligations of the Company—*Term of the Concession*.”

Termination for Convenience Discount Rates means the following discount rates, as applicable, for each relevant period: (a) 10.8% if such amounts are reflected in the financial model for the Project from the Financial Close Date through the Project Substantial Completion Date; (b) 9.0% if such amounts are reflected in the financial model for the Project following the Project Substantial Completion Date through the 4th anniversary thereof; (c) 8.5% if such amounts are reflected in the financial model for the Project following the 4th anniversary of the Project Substantial Completion Date through the 15th anniversary thereof; and (d) 7.5% if such amounts are reflected in the financial model for the Project following the 15th anniversary of the Project Substantial Completion Date through the end of the Term.

Transaction Documents means the Principal Project Contracts and the Financing Documents.

Trust Estate means the property and rights granted to the Trustee pursuant to the Indenture and described in “FINANCING FOR THE PROJECT—Senior Debt—*Indenture—Trust Estate*.”

Trustee has the meaning given to such term on the cover page hereof.

TSA means the Transportation Security Administration created under the Aviation and Transportation Security Act, 49 U.S.C. § 40101 et seq., or any successor agency thereto.

Underwriters has the meaning set forth in “UNDERWRITING.”

Uniform Commercial Code or **UCC** means the Uniform Commercial Code as in effect from time to time in the State of Colorado; provided, however, that in the event that, by reason of mandatory provisions of law, any or all of the perfection or priority of, or remedies with respect to, any collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of Colorado, the term “UCC” shall mean the Uniform

Commercial Code as enacted and in effect in such other jurisdiction solely for the purposes of the provisions hereof relating to such perfection, priority or remedies.

Upgrade Indebtedness has the meaning given to such term in “FINANCING FOR THE PROJECT—Senior Debt—*Loan Agreement—Special Covenants of the Company—Additional Senior Obligations.*”

U.S. Treasury regulations means the temporary, proposed or final federal income tax regulations promulgated by the U.S. Department of the Treasury, together with the other published written guidance thereof as applicable to the Bonds under the Code.

Utilities or utilities means a privately, publicly, or cooperatively owned line, facility, or system for supplying, transmitting, distributing, handling, collecting or storing communications, power, electricity, light, air, heat, gas, oil, crude products, water, steam, waste, storm water, and other similar commodities, including wired and wireless telecommunications, television transmission signals and publicly owned fire and police signal systems, which directly or indirectly serve the public. The necessary appurtenances to each Utility facility shall be considered part of such Utility. Without limitation, any service line connecting directly to a Utility shall be considered an appurtenance to that Utility, regardless of the ownership of such service line.

Wisconsin Act means Sections 66.0301, 66.0303 and 66.0304 of the Wisconsin Statutes, as amended.

Yield means, with respect to an issue of Revenue Bonds, the discount rate that, when used in computing the present worth of all payments of principal and interest to be paid on the issue, computed on the basis of a 360-day year and semi-annual compounding, produces an amount equal to the “issue price” of the issue of Revenue Bonds, less the fees for any “qualified guarantees” as defined in Treasury Regulations § 1.148-4(f). Yield is computed on an issue by treating any fixed yield bond as redeemed at its stated redemption price on the optional redemption date that would produce the lowest Yield on the issue if that fixed yield bond either (i) is subject to optional redemption within five years of its issue date, (ii) bears interest at increasing interest rates (i.e., is a stepped coupon bond), or (iii) has an issue price that exceeds its stated redemption price at maturity by more than one-fourth of one percent (0.25%) multiplied by the product of the stated redemption price at maturity and the number of complete years to the first optional redemption date for that bond. Yield is further computed on an issue by treating any bonds of the issue that are subject to mandatory early redemption as redeemed on their mandatory early redemption dates at their present value, rather than at their stated principal amount, if their stated principal amount exceeds their initial offering price by more than one-fourth of one percent (0.25%) multiplied by the product of their stated redemption price at maturity and the number of years to their weighted average maturity date.

APPENDIX B
SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT

**Summary of the Development Agreement for Great Hall Project between the City and County of Denver
through and on behalf of its Department of Aviation and Denver Great Hall LLC**

The following is a summary of selected provisions of the Development Agreement relating to the Project and is not a full statement of the terms of such agreement. Accordingly, the following summary is qualified in its entirety by reference to such agreement and is subject to the full text of such agreement. A copy of such agreement is available, free of charge, upon request from the Company or the Trustee. For the purposes of the following summary, the term Project shall have the meaning provided to such term in the Development Agreement and included in Appendix 1-“Abbreviations and Definitions.” Unless otherwise stated, any reference in this Official Statement to any agreement shall mean such agreement and all schedules, exhibits and attachments thereto, as amended, supplemented or otherwise modified and in effect as of the date hereof.

Rights and Obligations of the Company

Concession

Pursuant to the Development Agreement, the Owner grants to the Company (i) the exclusive right to develop, design, construct, finance, operate and maintain the Project; (ii) a non-exclusive right of entry onto the work site for purposes of carrying out the Company’s obligations and exercising its rights under the Contract Documents; (iii) an exclusive license to develop, implement and manage a concessions program during the period commencing on the Functional Area Readiness Date of the first Concessions Functional Area to achieve Functional Area Readiness and ending on the Termination Date (the “**Concessions Operating Period**”), and to perform associated work, within level 5 and level 6 of the Terminal; and (iv) an exclusive license to sub-contract with third party Concessionaires for the operation of Concessions under the Concessions Program.

Term of the Concession

The Development Agreement took effect on the Effective Date of August 24, 2017 and will expire on the 34th anniversary of the Financial Close Date (the “**Termination Date**”) or its earlier termination in accordance with its terms.

Adjacent Projects

The Company must perform and coordinate its work with the Adjacent Projects that may impact, or may be impacted by, the Project. The Owner must ensure that its contractors engaged on Adjacent Projects are required to perform and coordinate their work with the Company. The Owner is entitled to add Adjacent Projects to the list currently attached to the Development Agreement by written notice to the Company in accordance with the Development Agreement. As of the Effective Date, the Development Agreement contemplates one Adjacent Project known as the CBRA Project for the construction of two standard bag CBRA rooms and two oversized CBRA rooms and a baggage handling system that interconnects all of the Terminal modules to replace the existing rooms used by TSA to reconcile suspect bags that are checked prior to delivery to the airlines.

Company’s Responsibility for Work

The Company is required to (i) take charge and custody of all of the work, services and obligations required to be furnished, performed, provided or discharged by the Company under the Contract Documents, including all administrative, design, engineering, construction, financing, payment to third parties, support services, operations, maintenance and management services, and all work, operations, services and obligations related to the Concessions Program, in any case except for those obligations which such Contract Document expressly specifies will be performed by persons other than the Company or its related entities, and take all reasonable precautions, in accordance with good industry practice, the Contract Documents and applicable laws, against any injury or damage to such work by any

cause, arising from the execution or non-execution of such work. The Company shall rebuild, repair, restore, and make good, without additional expense to the Owner, all injury or damage to any portion of the work caused by any of the foregoing; (ii) comply with, and require all contractors to comply with, all requirements of applicable laws; and (iii) cooperate with the Owner and governmental entities in all matters relating to the work. The Company shall perform or cause to be performed all preliminary planning and engineering activities necessary for the design and construction work and, except as expressly provided in the Development Agreement, shall bear the risk of any incorrect or incomplete review, examination and investigation by it of the work, the work site and surrounding locations and of any incorrect or incomplete information resulting from preliminary planning and engineering activities conducted by the Company, the Owner or any other person.

Governmental Approvals

Except for an approval that must be obtained in the Owner's name, the Company is responsible for securing all governmental approvals required in connection with the Project or the work, including the Concessions Program. For approvals that must be obtained in the Owner's name, the Company is responsible for the same provided that the Owner is required to provide all documentation, information and communications required in connection with such governmental approval.

Damage and Disruption

The Company is responsible for losses or damages caused to the property or assets of the Owner, its contractors or other Indemnified Parties, and any disruption to the Airport commercial activities, processing and transporting passengers and baggage activities and Airport functions provided by the Owner, arising from any act or omission of the Company or its related entities, except to the extent caused by negligence or breach of the Development Agreement by the Owner or persons for whom it is responsible. The Company is required to repair, rebuild and restore any lost or damaged property or remedy any such disruption. If the Company fails to do so, the Owner may proceed with the repairs and the Company is required to indemnify the Owner for any costs incurred by the Owner in connection therewith and for any losses incurred by it in connection with any lost or damaged property or any disruption for which the Company is responsible.

Policing, Security and Incident Response Police Services

The Company acknowledges that any governmental entity empowered to enforce any applicable law is free to enter the Project at any times to carry out its law enforcement duties and that no provision of the Development Agreement is intended to surrender, waive or limit any police powers of any governmental entity or the Owner, and that all such police powers are expressly reserved. The Owner has no liability or obligation to the Company or any Company-related entity resulting from, arising out of or relating to, the failure of a public law enforcement agency to provide services, or its negligence or misconduct in providing services, provided that nothing in the Development Agreement shall be construed as a waiver of any rights that the Company may have against any such other agencies.

Security and Incident Response

The Owner shall is responsible for incident response throughout the Terminal. The Company is required to comply with all rules, directives and guidance of the U.S. Department of Homeland Security and comparable State agencies and to coordinate and cooperate with the Owner and all governmental entities providing security, first responder and other public emergency response services in accordance with the Contract Documents. The Company is required to perform and comply with the provisions of the Technical Requirements concerning emergencies, incident repose, safety and security.

Project Utility Services

The Owner will provide the Project Utility Services to the applicable Utility demarcation points in sufficient supply for the Company to perform the operation and maintenance services and for Concessions operations. During the Term, the Company may submit to the Owner a written request for Project Utility Services in excess of the baseline for Project Utility Services capacity, supported by an engineer's analysis demonstrating the additional capacity need.

The Owner is required to develop an implementation plan to achieve and implement the increased capacity within a reasonable time period, taking into account the nature and size of the increase. No noncompliance points will be assessed and no noncompliance instance will accrue for the Company with respect to any noncompliance provided that such noncompliance is directly attributable to the lack of such increased capacity or the performance by the Owner of the work to implement such increased capacity and provided that the Company timely submitted a written request for the increased capacity. The Company is required to perform all work necessary to distribute the Project Utility Services from the applicable Utility demarcation points for purposes of the Project.

Public Art

The Project is subject to the City's art program. The Company is required to cooperate and coordinate with artist or contractors designing, relocating and installing public art at or in conjunction with the Project. The Company is not required to expend any additional direct costs for such cooperation and coordination or to alter the work to accommodate the art program. The new art or the relocation of existing art under the art program shall not have an adverse impact on the revenues of any Concession.

Design and Construction

General Duties

The Company's obligations include furnishing all design and construction services, quality management, planning, design, engineering and other services, all furniture, fixtures and equipment, and all associated materials, equipment, supervision, tools, transportation, utility services, supplies and labor, and undertaking all efforts, necessary or appropriate to perform and complete the design and construction work and achieve Project Substantial Completion no later than the Project Substantial Completion Long Stop Date. The Company must also provide a project executive and ensure that either the project executive or the construction manager for the Contractor is present at the site at all times during the performance of the construction work. The Company shall also be responsible for maintaining custody and control over each construction work area from the date such area is turned over to the Company until the earlier of the applicable Functional Area Readiness Date or the Project Substantial Completion Date.

The Company is required to schedule and manage the D&C Work in accordance with the transition and phasing plan so as to not unduly interfere with adjacent businesses or operations identified therein and in accordance with any constraints or work restrictions identified in the Contract Documents.

The Company is required to prepare designs, plans and specifications in accordance with all applicable requirements of the Contract Documents and is solely responsible for errors and omissions discovered in the plans and specifications accepted by the Owner. All such errors and omissions must be solved by the Company at no cost to the Owner. The technical requirements for the Project contain a robust, iterative process for the development of the design for the Project between the Company and the Owner. As part of such processes, during the design phase of the Project, the Company is required to submit design packages to the Owner when 30%, 60%, 90% and 100% of the complete design is done. The Owner then has the right to review, comment and approve each such design package by providing comments, exceptions, objections, rejections or disapprovals. The Company will also be responsible for all design and construction work related to utilities infrastructure as well as all utility adjustments (relocation, abandonments, protection in place, removal, replacement, reinstallation and modification of existing utilities necessary to accommodate construction, operation, maintenance and use of the Project or the work).

The Company is required to perform the design and construction work in accordance with (a) good industry practice; (b) the requirements, terms and conditions set forth in the Contract Documents; (c) all applicable Laws; (d) the requirements, terms and conditions set forth in all governmental approvals applicable to the D&C Work; and (e) the Project management plan prepared by the Company and approved by the Owner and all component parts, plans and documentation prepared thereunder, and all approved updates and amendments thereof made in accordance with the Technical Requirements.

Executive Design Review Process

Certain submittals under the Development Agreement are subject to an executive design review process (the “**Executive Design Review Process**”). The intent of the Executive Design Review Process is to provide the Owner’s leadership team with an opportunity to provide early input into alternatives for certain delineated areas and elements. The list of such areas and elements includes, among other things, certain customer experience elements as well as the TSA queue boundary wall, the TSA boutique walls, the L6 sterile division walls at slab edge, security cameras and speakers and the ticketing equipment and kiosks. All relevant submittals that are identified in the technical requirements as being subject to the Executive Design Review Process, are subject to the Owner’s review and approval in its sole discretion in accordance with such Executive Design Review Process. The Company cannot proceed further with the design and construction work that is the subject matter of any Executive Design Review Process submittal without such approval, with an exception for the wayfinding and signage package. The Executive Design Review Process is comprised of six mandatory steps, which include the following: (i) step 1: the Company is required to present to the Owner the required items subject to the Executive Design Review Process and the Owner is required to provide feedback to the Company regarding the same; (ii) step 2: the Company must develop the design based on the Owner’s feedback from the first meeting, (iii) step 3: the Company must presents the revised design to the Owner and the Owner can either approve the same or it can provide additional feedback; (iv) step 4: the Company will have six days to incorporate any additional Owner feedback; (v) step 5: the Owner and the Company will hold another meeting at which the further revised will be presented for Owner approval, and (vi) step 6: upon approval by the Owner, the Company can proceed with the applicable design and construction work on the basis of the final approved design.

Technical Design Review Process

The Development Agreement provides for a Technical Design Review process. The intent of the Technical Design Reviews (the “**Technical Design Reviews**”) is to promote coordination between the Company and the Owner to ensure the timely review and response of submittals to advance the successful development of the design work. This process has been established in order to ensure that the design work is consistent with the requirements set forth in the Contract Documents and so that the Owner and the Company can identify and adopt changes as mutually agreed in a timely manner to efficiently execute the design work. The Technical Design Reviews are also applicable to the designs subject to the Executive Design Review Process and are in addition to any requirements associated with governmental approvals. As with the Executive Design Review Process, certain relevant submittals are identified as being subject to the Technical Design Reviews. As a first stage of the Technical Design Reviews process, the Company is required to coordinate and invite the Owner to weekly Technical Design Reviews meetings. These reviews are intended to be short reviews of the working model depicting the design each week as it proceeds toward the scheduled submittal date to the Owner. During these weekly meetings, among other things, the Owner will review and comment on compliance of the design documents reviewed against the Contract Documents. The Company will then proceed to address these comments in advance of the next weekly Technical Design Reviews meeting. As part of the Technical Design Reviews process, the Company will also provide and be responsible for collecting, administrating, responding and implementing, where applicable, any comments from the Owner. The Company and the Owner will use the comment log process to resolve any Owner concerns regarding the submittals prior to their submission deadline and, if necessary, the parties also hold resolution meetings.

Functional Area Readiness, Project Substantial Completion and Project Final Acceptance

The Company is required to exercise its reasonable best efforts to achieve Functional Area Readiness of each Functional Area, Project Substantial Completion and Project Final Acceptance on or before the scheduled dates set forth in the project schedule. Failure to achieve Functional Area Readiness, Project Substantial Completion and Project Final Acceptance on or before such scheduled date shall not constitute a Company Event of Default. Failure to achieve Project Substantial Completion by the Project Substantial Completion Long Stop Date will constitute a Company Event of Default. The Owner will issue a certificate of functional area readiness (a “**Certificate of Functional Area Readiness**”), a certificate of project substantial completion (“**Certificate of Project Substantial Completion**”) and a certificate of project final acceptance (a “**Certificate of Project Final Acceptance**”), as applicable, upon the conditions to achieve Functional Area Readiness of each Functional Area, Project Substantial Completion and Project Final Acceptance detailed in the Development Agreement being met, as set forth in the Development Agreement, and to evidence the same.

Conditions to Functional Area Readiness include:

1. Completion of the D&C Work applicable to the Functional Area in accordance with the Contract Documents, including any FF&E required to be installed and obtaining of all related warranties, except for punch list items;
2. The issuance by the Building Official for the Project of a temporary certificate of occupancy and delivery by the Company of to the Owner a letter signed by the architect of record and the engineer of record for the Project, certifying that the applicable D&C Work has been completed in accordance with the applicable Issued for Construction Documents;
3. The Functional Area and any applicable FF&E must be ready for use for the purposes of performing the applicable Airport Activities, taking into account (i) the requirements of the Contract Documents; (ii) the ability of users of the Airport to access the Functional Area and conduct the applicable Airport Activities without risk of injury, hazard or nuisance; and (iii) the proper installation and functionality of any applicable FF&E;
4. The applicable systems must comply, in all material respects, with applicable laws, be operational and functional and have passed all inspections and tests required under the Contract Documents and the commissioning plan and the Company must deliver to the Owner all reports, data and documentation relating to such tests;
5. All work related to the D&C Work for the Functional Area that the Company is obligated to perform for or on behalf of third parties as required by the Contract Documents must have been performed and comply with the requirements of any applicable agreements with such third parties, except for punch list items;
6. With respect to any Functional Area within the physical limits for performance of the operation and maintenance services: (a) the concessions development and management plan, and all other plans, manuals and reports required for the operation of Concessions within the Functional Area, must have been submitted and approved or accepted, as applicable, pursuant to the terms of the Contract Documents; (b) with respect to the first Functional Area within the physical limits for performance of the operation and maintenance services to achieve Functional Area Readiness, the operation and maintenance services plan and all other plans, manuals and reports required for the operation and maintenance services must be submitted and approved or accepted, as applicable, (c) with respect to any Functional Area within the physical limits for performance of the operation and maintenance services other than the first Functional Area within the physical limits for performance of the operation and maintenance services to achieve Functional Area Readiness, an updated operation and maintenance services plan must be submitted and approved or accepted, (d) the Company must deliver to the Owner a certificate, signed by an authorized representative, that the Company has completed training of operations and maintenance personnel sufficient to perform the applicable operation and maintenance services and operate the applicable Concessions in accordance with the Contract Documents, the operations and maintenance plan, the health and safety plan prepared by the Company and the environmental management plan prepared by the Company, and (e) (i) All governmental approvals necessary to begin the applicable operation and maintenance services and operation of applicable Concessions have been obtained, (ii) the Company must deliver to the Owner fully executed copies of such governmental approvals, and (iii) the Company must receive, and paid all associated fees due and owing for, all such governmental approvals and other third-party approvals required for use and operation of the Functional Area, and (iv) no uncured violation of the terms and conditions of any such governmental approval or other third-party approvals should exist;
7. The Company has: (i) delivered all necessary IP to the Owner, (ii) completed all applicable quality assurance and quality control requirements; (iii) has prepared and submitted the Functional Area punch list; (iv) submitted all other submittals required by the Contract Documents and, to the extent necessary, obtained approval or acceptance from the Owner;

8. There exist no uncured Company default, except any default which will be cured by achieving Functional Area Readiness;
9. All construction work areas that will not be used for other Functional Areas meet the handback requirements; and
10. The Company has completed all required training for the commencement of the applicable operation and maintenance services.

Conditions to Project Substantial Completion include:

1. Issuance of Certificates of Functional Area Readiness for all Functional Areas;
2. The systems for all Terminal Improvements must comply, in all respects, with applicable laws, be operational and functional and have passed all inspections and tests required under the Contract Documents and the commissioning plan, and the Company must deliver to the Owner all reports, data and documentation relating to such tests;
3. Completion of the D&C Work in accordance with the Contract Documents, including any FF&E required to be installed and obtaining of all related warranties, except for punch list items;
4. All work related to the D&C Work that the Company is obligated to perform for or on behalf of third parties as required by the Contract Documents must have been performed and comply with the requirements of any applicable agreements with such third parties, except for punch list items;
5. The Company has (i) delivered all necessary IP to the Owner, (ii) obtained all required insurance policies and delivered written binders of insurance to the Owner, (iii) prepared and submitted the Project punch list, (iv) submitted all other submittals required by the Contract Documents and, to the extent necessary, obtained approval or acceptance from the Owner, (v) furnished to the Owner copies of all payroll records and sworn statements demonstrating full compliance by the Company and applicable subcontractors with prevailing wage requirements;
6. There exist no uncured Company default, except any default which will be cured by achieving Project Substantial Completion;
7. (a) All governmental approvals necessary to begin or continue the applicable portions of the operation and maintenance services and the operation of the Concessions following Project Substantial Completion have been obtained and remain in full force and effect, (b) the Company must furnish the Owner with fully executed copies of such governmental approvals, and (c) the Company must receive, and pay all associated fees due and owing for, all such governmental approvals and other third-party approvals required for use and operation of the Terminal Improvements, and (d) there must not exist any uncured violation of the terms and conditions of any such governmental approval or other third-party approvals;
8. The Company has completed all required training for the commencement of the applicable operation and maintenance services.

Conditions to Project Final Acceptance include:

1. All punch list items must be completed and all work must comply with the Contract Documents;
2. The issuance by the Building Official for the Project of a certificate of occupancy for the Terminal Improvements and delivery by the Company to the Owner a letter signed by the architect of record and the engineer of record for the Project, certifying that the D&C Work has been completed in accordance with the applicable Issued for Construction Documents;

3. The Company has (i) delivered all necessary IP to the Owner, (ii) delivered to the Owner copies of all manufacturer warranties, guaranties and assignments as required, (iii) submitted all other submittals required by the Contract Documents and, to the extent necessary, obtained approval or acceptance from the Owner;
4. There exist no uncured Company default, except any default which will be cured by achieving Project Final Acceptance;
5. The Company must deliver to the Owner originally executed unconditional waivers and releases of liens and payment bond rights, in a form reasonably acceptable to the Owner, from each subcontractor who has performed work at any time on the Project; and
6. The Company must have paid for all D&C Work performed by third parties that it is obligated to pay for, other than disputed amounts, and the Company must deliver a certificate to the Owner certifying same.

Upon the occurrence of Functional Area Readiness of each of the Functional Areas, the Company must develop, implement and manage the Concessions Program. The Concessions Operating Period, during which the Company will be entitled to implement the Concessions Program, is the period beginning on the Functional Area Readiness Date of the first Concessions Functional Area to achieve Functional Area Readiness and ending on the Termination Date.

Environmental Responsibility

The Company is required to manage, treat, handle, store, remediate, remove, transport and dispose of all contaminated and undesirable materials encountered in performing the work. The Company is required, without cost to the Owner, to adopt design and construction techniques for the Project that, to the maximum extent possible in accordance with good industry practice, avoid the need for procedures and requirements to address contaminated materials conditions and contamination encountered, impacted, caused by or occurring in connection with the Project, the Work Site or the work, as well as investigation and remediation of such contaminated materials. If during the course of the work, a release of contaminated materials occurs or the Company otherwise encounters contaminated materials or undesirable materials, the Company will be required to: (a) follow the procedures and perform the activities as set forth in the Contract Documents, the health and safety plan prepared by the Company and the environmental management plan prepared by the Company; (b) use good industry practice, including design modifications and construction, operation, maintenance, and contaminated materials management techniques, to minimize costs of contaminated materials management; and (c) in the case of any release of contaminated materials from a third party vehicle operating or located within the Work Site or from such vehicle's cargo, use diligent efforts to handle disposal of the contaminated materials in a manner that does not place the Company, any Company-related entity or the Owner in the position of assuming generator or arranger liability. The Owner has the exclusive decision-making authority regarding the selection of any destination facility to which contaminated materials (other than those for which the Company is responsible) will be transported.

If the Company finds any abnormal condition that may indicate the existence of contaminated materials, the Company is required to discontinue the work in the vicinity of the abnormal condition and notify the Owner immediately. The Company will not resume the work until the Owner directs it to do so. The Company is required to make all efforts to minimize the spread of contaminated materials into uncontaminated areas. If within a reasonable time after discovery of contaminated materials, taking into consideration the nature and extent of the contamination, the type and extent of action required and the potential impact to the Company's schedule for use of and operations on the Work Site, the Company has not undertaken the required contaminated materials, the Owner may provide Company with written notice that it will undertake the contaminated materials management itself. The Owner will be entitled to undertake the contaminated materials management actions in compliance with a remediation plan approved by the applicable governmental entities, if applicable, and in compliance with applicable laws. The Company will be required to reimburse the Owner on a current basis within ten (10) days of receiving a request from the Owner, the reasonable costs, including the Owner's recoverable costs, that the Owner incurred in carrying out contaminated materials management actions. The Owner, absent willful misconduct or gross negligence, will not be liable or

responsible to the Company for such contaminated materials management actions and such actions will not entitle the Company to claim a Compensation Event, Delay Event or other claim.

The definition of Compensation Event includes (a) a release of contaminated materials by the Owner, to the extent such release occurs after the Effective Date, is required to be reported to a governmental entity and renders the use of the work site unsafe or in breach of applicable Law absent assessment, containment and/or remediation, (b) discovery of a pre-existing contaminated material, (c) a release of contaminated materials by a third party who is not a Company related entity to the extent such release occurs after the Effective Date, that is required to be reported to a governmental entity and that renders the use of the work site unsafe or in breach of applicable Law absent assessment, containment and/or remediation, and (d) any losses, expenses, damages, costs, claims, fees (including reasonable attorneys' fees) or any other liability of the Company or any Company-related entity to any third party (other than any Company-related entity) for any claim, cause of action or fine asserted by such third party against the Company or any Company-related entity with respect to contaminated materials for which the Owner is deemed to be the generator or arranger pursuant to the Development Agreement. In such cases, the Company is entitled to claim compensation as described in "—Relief Event Claims."

Warranty Work

The Company will perform all work necessary to correct any defect of the work (whether because it is not completed in accordance with the requirements of the Contract Documents or because it is defective in its workmanship or material) within the applicable warranty period (which shall be as specified in the Technical Requirements or one year, whichever is greater, commencing on the earlier of the applicable Functional Area Readiness Date and Project Substantial Completion Date). Additionally, the Company is required to obtain all customary manufacturer and supplier warranties with respect to furniture, fixtures and equipment in the name of and for the benefit of the Owner.

Concessions

Concessions Program

The Company is entitled to plan, develop, implement and manage the Concessions Program during the Concessions Operating Period within level 5 and level 6 of the Terminal. The Owner may not engage in any commercial activity in such level 5 and level 6 other than advertising outside of the Concessions Space and the following non-competing activities: ground transportation services; credit union services; the post office; TSA pre-check; the money exchange; the business center; banking or automated teller machines; gym; airline ticket counters; airline baggage services and Airport customer service or information services. Additionally the Owner will be entitled, from time to time, to identify non-competing commercial activities in addition to the foregoing activities if: (a) the proposed non-competing activity would not require taking any space on levels 5 and/ or level 6 of the Terminal or generate a change in the flow of passengers; (b) the proposed non-competing activity involves the sale of a product or service that is similar in nature to an existing non-competing activity and it is not anticipated to cause a loss of revenues or profits for the Company; (c) the product(s) and/or service(s) to be offered as part of the proposed non-competing activity are not being provided by any Concession within Company's Concession Program as of the date of the Owner's request; (d) the term of the Owner's agreement for the proposed non-competing activity does not exceed five (5) years, including any extensions; and (e) the Owner has provided the Company with a reasonable opportunity to undertake the commercial activity but the Company has declined to do so. Provided that the proposed additional non-competing activity meets the requirements set forth herein, the Owner will be allowed to undertake such additional non-competing activity. Upon the expiration of any agreement for an additional non-competing activity, the Company will have the opportunity to undertake the commercial activity. Such opportunity will also be granted to the Company if the use of a space where a non-competing activity is located is contemplated to be changed by the Owner.

The Company is required to (a) perform all Concessions-related work in accordance with good industry practice and the Contract Documents, (b) serve as the master developer responsible for the programmatic mix, procurement, and management of Concessions, (c) enter into concession agreements with the Concessionaires, (d) oversee, manage, verify, and report on Concessionaries' performance and ensure their compliance with the concession agreements, the Contract Documents, and the concessions plans and policies, (e) develop, implement, and update the concessions development and management plan to achieve the objectives and ensure compliance with the

requirements set forth in the Contract Documents, and (f) measure and report its performance in fulfilling the responsibilities with respect to Concessions.

The Concessions Program will be developed and implemented during the period commencing on the Functional Area Readiness Date of the first Concessions Functional Area to achieve Functional Area Readiness and ending on the Termination Date (the “**Concessions Operating Period**”). The Company will have the exclusive right to enter into concessions agreements with Concessionaires. The Development Agreement requires the Company to include certain mandatory provisions in the concession agreements entered into with Concessionaires. See “THE PRINCIPAL PROJECT AGREEMENTS— Certain Other Project Related Agreements—*Mandatory Provisions for Concession Agreements.*” Prior to the execution of such agreements, the Owner will review the same but solely to confirm that the mandatory provisions have been included into each Concession Agreement, on substantially the same terms and substance as the provisions included in the Development Agreement. For such purpose, ten Business Days prior to the execution of any Concession Agreement the Company will submit to the Owner a full and complete copy of the proposed form of the Concession Agreement. The Owner will have 10 days to provide its confirmation and if it fails to do so within such term compliance with the mandatory provisions shall be deemed confirmed and the Company will be entitled to execute the Concessions Agreement.

The Company is required to comply with certain requirements for the Concessions Program and to develop a concessions development and management plan, which will be updated at least every two years or more frequently as agreed by the parties to the Development Agreement. Such requirements are set forth in the Development Agreement and include requirements in connection with pricing, merchandise, customer service, permitted uses, advertising, staffing, training, store hours and operation and maintenance services for the Concessions. Additionally, the Company must implement a comprehensive strategy for the Concessions Program in the concessions development and management plan. The strategy will be based on considerations of revenue objectives, Concessions mix, programming, use of brands, concentration of ownership, incentivizing competition and performance, promoting continuous improvement, and satisfying certain requirements for minorities. The Company is required to submit to the Owner for its approval an updated draft of the concessions development and management plan. If the updated concessions development and management plan is not approved by the Owner, the Company is required to continue implementing the existing approved concessions development and management plan. The Company has prepared the initial concessions development and management plan for the Concessions Program, which is attached to the Development Agreement. Such plan, among other things, sets forth the strategies for the Concessions Program and its implementation and development (including goals for the program, branding analysis, layout for the construction of the Concessions and schedule), a concentration of ownership policy required by the Owner, parameters for monitoring compliance with such concessions development and management plan by sub-concessionaires and incentives for sub-concessionaires, forecast revenues, the procurement plan for the Concession Program and evaluation guidelines for the selection of sub-concessionaires, a management, operation and maintenance plan for the Concessions (including prohibited uses policy, rules for advertising and promotions, required training programs, specifications for merchandise offered in the Concessions, pricing policy, record keeping and auditing rules, inspection and monitoring parameters and refurbishment requirements for sub-concessionaires).

The Company will establish and manage a marketing fund to support the Concessions Program and the Concessions. The Concessionaires will be required to make certain contributions to the marketing fund under each of their concession agreements. Funds received from the marketing fund will comprise part of the collateral package for the Series 2017 Bonds but will not be used to pay construction costs for the Project and are not expected to be used to pay the Series 2017 Bonds.

The Company has certain reporting requirements and it is required to report (i) if requested by the Owner, daily gross receipts by Concession for a term up to one month, and (ii) monthly concession report not later than twenty days after the end of each month, stating actual performance versus forecasted performance for certain several revenue forecast metrics for such month and the eleven months prior by Concession and Concession type; (iii) quarterly income statements no later than forty (40) days after the end of each calendar quarter for each Concession as well as for the total consolidated income statement for all Concessions within the Concessions Space, and (iv) monthly revenue forecasts no later than twenty days after the end of each calendar month for a forecast horizon of the next thirty six months. The Company is also required to report on service performance and operations performance on a quarterly basis, and to provide the Owner with any other financial and operational data and reports reasonably requested by the Owner.

If, at any time following the Project Substantial Completion Date, actual total Concessions Revenues are, for six consecutive months, between 10% and 20% less than the revenue forecast, the Company and the Owner will meet to identify the reasons for such shortfall and the Company will inform the Owner about any remedial measures that could potentially make future Concessions Revenue consistent with or greater than the revenue forecast. If, at any time following the Project Substantial Completion Date, the Company's actions, omissions, or policies cause actual total Concessions Revenues to fall below the revenue forecast by more than 20% for a period of 12 consecutive months, the Company will, within 30 days of this period, submit a remedial plan and a proposed schedule for implementation. If the concessions shortfall is not remedied within 12 months after the implementation of the remedial plan, the Company and the Owner will hire consultants to provide recommendations for an additional remedial plan. The final remedial plan may incorporate some, all or none of the consultant's recommendations, at the Owner's sole discretion, so long as such remedial plan is reasonably expected to remediate the shortfall, does not present any risk of negatively impacting Concession Revenues, does not require the Company to incur additional capital expenditures, and does not require the Company to incur operational costs that are commercially unreasonable.

Commercial Revenue

The Company is entitled to the Company Commercial Revenue. The Owner is entitled to the Owner Commercial Revenue. All other revenue generated in connection with the Project, other than the Company Commercial Revenue, including revenues associated with any non-competing activities shall be retained by the Owner.

Existing Concessions and Temporary Concessions During Construction and Advertising

The Company does not assume any rights, obligations or liability for any concessions existing in the Terminal as of the Effective Date. The Owner is required to take all necessary actions to terminate any such existing concessions prior to the date on which it is required to turn over the work space to the Company. The Company is not responsible for constructing, operating or procuring any temporary concessions at any time. The Company is required to perform construction work to accommodate the Owner's temporary concessions plan.

The Company may not advertise, and will not permit any Concessionaire to advertise, anywhere within the Airport except (a) within a Concessionaire's specific Concession premises, and (b) in such locations as permitted by the Technical Requirements, the Owner's advertising guidelines, and the Owner's agreement with its third party advertising concessions contractor. The Company may use reasonable discretion to distribute and place promotional brochures or signage within the Concessions Space. Neither the Owner nor any Concessionaires are permitted to advertise in the Terminal.

Operations and Maintenance

General Duties

Without limiting the Company's obligations under the Technical Requirements, except as expressly provided otherwise in the Contract Documents, the Company will commence the operation and maintenance services (a) for each Functional Area, to the extent within the operation and maintenance limits, on the applicable Functional Area Readiness Date; and (b) with respect to all other areas and Terminal Improvements within the operation and maintenance limits on the Project Substantial Completion Date.

The Company is required to perform all work related to the operation, management, administration, maintenance, repair, preservation, modification, reconstruction, rehabilitation, restoration, renewal and replacement for certain segments of the Project. The Company is required to perform such services in accordance with certain minimum performance requirements set forth in the Development Agreement. The Contractor's failure to do so entitles the Owner to the rights and remedies set forth in the Contract Documents, including the assessment of noncompliance points, deductions from amounts owed to the Company and termination of the Development Agreement. The Owner has the right to adopt any changes and additions to the Technical Requirements relating to the operations and maintenance services and the Company is required to comply with such changes. The Owner is entitled to adopt Non-Discriminatory O&M Changes and the Company is required to implement the same. The Owner is also

entitled to implement Discriminatory O&M Changes provided it follows the change procedure set forth in the Development Agreement. See, “—Changes in the Work.” Discriminatory O&M Changes and certain Non-Discriminatory O&M Changes fall within the definition of Compensation Event under the Development Agreement for which the Company is entitled to compensation. See, “—Relief Event Claims.”

Environmental Responsibility O&M Services

The Company is required to manage, treat, handle, store, remediate, remove, transport (where applicable) and dispose of all contaminated materials and undesirable materials, including contaminated soil and groundwater. The definition of Compensation Event includes (a) a release of contaminated materials by the Owner, to the extent such release occurs after the Effective Date, is required to be reported to a governmental entity and renders the use of the work site unsafe or in breach of applicable Law absent assessment, containment and/or remediation, (b) discovery of a pre-existing contaminated material, (c) a release of contaminated materials by a third party who is not a Company related entity to the extent such release occurs after the Effective Date, that is required to be reported to a governmental entity and that renders the use of the work site unsafe or in breach of applicable Law absent assessment, containment and/or remediation, and (d) any losses, expenses, damages, costs, claims, fees (including reasonable attorneys’ fees) or any other liability of the Company or any Company-related entity to any third party (other than any Company-related entity) for any claim, cause of action or fine asserted by such third party against the Company or any Company-related entity with respect to contaminated materials for which the Owner is deemed to be the generator or arranger pursuant to the Development Agreement. The requirements in connection with environmental responsibility for the construction work are applicable to the O&M Services, provided, that the Company is not responsible for management of contaminated materials and undesirable materials to the extent generated by the Owner in the course of its use of the Terminal Improvements following Project Substantial Completion. See “—Environmental Responsibility.” In such cases, the Company is entitled to claim compensation as described in “—Relief Event Claims.”

Emergency Repair Work

The Company is responsible for procuring and overseeing temporary and/or permanent emergency repair work for the Project. If specified by the Owner, the Company is required to solicit competitive bids for such work. The Company is also required to maintain estimates, cost records and supporting documentation to enable the Owner to seek reimbursement for eligible costs from the U.S. government, if applicable.

Oversight, Meetings and Reporting

The Owner has the right at all times to conduct Oversight relating to the D&C Work or the O&M Services to the extent the Owner deems necessary or advisable, in its sole discretion, provided that the Owner must conduct any such Oversight in a manner that does not unreasonably interfere with the Company’s (or its subcontractors’) work.

The Company will be required to remove or uncover portions of the finished D&C Work if requested by the Owner prior to Project Final Acceptance. After any examination, the Company will restore the uncovered portions of the D&C Work to the standard required by the Contract Documents. If the Owner determines that the exposed or examined D&C Work is not in accordance with the requirements of the Contract Documents (except for any approved deviations therefrom or to the extent a deviation is approved by the Owner with respect to such nonconformance), the Company will be required to perform the uncovering or removal. The Company is not entitled to any additional monetary compensation, time extension or any other relief in connection with such request or work, unless the Owner determines, or it is finally determined pursuant to the dispute resolution procedures, that the exposed or examined D&C Work is in accordance with the requirements of the Contract Documents. In such case, such event will constitute an Owner-Caused Delay. If the Company fails to remove or repair defective work, the Owner will be entitled to repair, remove or renew the defective D&C Work at the Company’s reasonable expense. Failure to pay such reasonable expenses by the Company will entitle the Owner to deduct such amounts from moneys due to the Company or to charge such amounts against the Performance Bond. The Owner’s rights to assert claims for damages resulting from patent or latent defects in the work for the period of limitations prescribed by applicable law will not be limited by anything in the Contract Documents (subject to the Company’s limitation of liability), and the foregoing shall be in addition to any other rights or remedies the Owner may have under the Contract Documents or under law.

If, during or prior to construction operations, the Owner fails to reject defective D&C Work, such failure in no way prevents the later rejection of defective D&C Work or obligates the Owner to accept such D&C Work at Project Final Acceptance. The Owner is not responsible for losses suffered due to any necessary removals or repairs of such defects.

The Company will conduct weekly progress meetings for the D&C Work and the Owner will be invited to attend such meetings and will be entitled to require the presence of relevant subcontractors of the Company and key personnel for the Project. The Company will also provide written progress reports to the Owner throughout the Term. In addition to regularly scheduled meetings, the Owner and the Company will meet from time to time at the other party's request to discuss and resolve matters relating to the D&C Work. The Company will provide written notice and a meeting agenda to the Owner at least three Business Days in advance of any meeting, except in case of an emergency.

If the Company subcontracts the O&M Services to a subcontractor, the Company will schedule all progress and periodic meetings with such subcontractor at a date, time and place reasonably convenient for the Owner to attend and, except in the case of urgency, must provide the Owner with written notice and an agenda for such meetings at least seven days in advance of each meeting. The Company is required to schedule a meeting within 24 hours of the occurrence of any emergency and to provide the Owner with written notice thereof as soon as practicable. The Owner may attend any such meeting and is entitled to raise any questions, concerns or opinions without restriction. In addition to regularly scheduled meetings, the Owner and the Company will meet from time to time at the other party's request to discuss and resolve matters relating to the O&M Services and the Project. The Company is additionally required to submit reports relating to the O&M Services.

Renewal Work

The Company is required to perform maintenance, repair, reconstruction, rehabilitation, restoration, renewal or replacement work for any element of a type which is not normally included as an annual recurring cost in facility maintenance and repair budgets, that requires a significant amount of time to accomplish and that therefore must be coordinated, scheduled and planned in advance, as and when necessary to maintain compliance with performance measures and standards set forth in the Contract Documents. The Company is required to implement and follow a renewal work plan for scheduling and performing the renewal work. The Company is required to deliver annual reports to the Owner detailing the renewal work performed and the total draws and deposits made from and to the renewal work reserve account in the immediately preceding calendar year.

The Company is required to submit a renewal work plan and updates to the Owner every year. The renewal work plan must, among other things, set forth the Company's planned draws from the renewal work reserve account during the next three calendar years. The Company is required to make deposits to the renewal work reserve account at the frequencies or intervals and in the amounts as determined by the Lenders under the Funding Agreements. The renewal work reserve account so established is the Major Maintenance Reserve Account. See "Appendix D—SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—The Project Accounts—*Major Maintenance Reserve Account.*"

Handback Requirements

Upon the expiration or early termination of the Development Agreement, the Company is required to transfer the Project to the Owner at no charge in the condition that meets all applicable requirements under the Development Agreement. In the event of an early termination of the Development Agreement, the Company will only be required to comply with the requirements of the Development Agreement relating to renewal work to the extent that any renewal work was scheduled to have been performed prior to the early termination of the Development Agreement. The Company is obligated to diligently perform and complete all renewal work required to be performed and completed prior to the termination of the Development Agreement based on the applicable renewal work plan. In the event of an early termination of the Development Agreement, if the Company fails to complete such renewal work prior to the Early Termination Date, the Owner will deduct the cost of completing such work from the termination amount, if any, payable to the Company for such early termination.

Noncompliance Points

Noncompliance Point System

Noncompliance points are a system to measure the Company's performance levels during the concessions operations and operations and maintenance phases of the Project. The Development Agreement sets forth certain breaches or failures in performance of specific obligations that may result in the assessment of noncompliance points and the related cure periods available to the Company to cure any such noncompliance prior to the incurrence of noncompliance points for the specific breach. In addition to noncompliance points, the Development Agreement contemplates instances of noncompliance for failure to perform the O&M Services in accordance with certain finite performance standards detailed in the Development Agreement, which can result in monetary deductions from Supplemental Payments and Concessions Revenues.

Assessment, Notification and Cure Periods

The Company is required to notify the Owner of the occurrence of any noncompliance of those identified in the Development Agreement. If the Owner believes there has occurred any noncompliance event that could result in the incurrence by the Company of noncompliance points, the Owner may deliver to the Company a notice of determination. Upon notification by the Company or the Owner, the Company will have the cure period for noncompliance events as set forth in the Development Agreement, which range between three and thirty days.

Upon occurrence of a noncompliance entitling the Owner to assess noncompliance points, the Owner will immediately allocate 0% of the noncompliance points for notifications initiated by the Company, and 100% of the noncompliance points for notifications initiated by the Owner, prior to expiration of the applicable cure period. In case of a notification initiated by the Company, if the noncompliance is not cured by the expiration of the applicable cure period 100% of noncompliance points will be deemed allocated with no further action or notice.

Certain instances of noncompliance under the Development Agreement are assigned fast cure periods. If the Company cures the relevant noncompliance within the relevant fast cure period, the Owner is not entitled to assess the noncompliance points that would otherwise be assessable. Fast cure periods are not applicable to notifications delivered by the Company to the Owner.

In addition to noncompliance points, the Owner is entitled to exercise its step-in rights and work suspension rights after expiration of the applicable cure period. If the Owner exercises its step-in rights, noncompliance points shall no longer accrue.

Monetary Deductions

In addition to noncompliance points, instances of noncompliance related to a failure by the Company to carry out the operation and maintenance services in accordance with certain performance standards detailed in the Development Agreement will result in monetary deductions. The aggregate deduction amount per annum shall not exceed the maximum aggregate Supplemental Payments that the Company can earn in a given fiscal year as calculated as described in "—Payments to the Company—*Supplemental Payments.*" Additionally, Owner performance deductions may be assessed by the Company for a failure by the Owner to comply with certain performance standards detailed in the Development Agreement. Owner performance deductions will be deducted from the Owner Commercial Revenue on a monthly basis. If Owner deductions exceed the amount of Owner Commercial Revenues, Owner performance deductions will be added to the monthly Supplemental Payment. No Owner performance deductions will be made with respect to a month until the aggregate amount of such deductions equals or exceeds \$50,000 for any given month, after which the full amount of such deductions will be assessed. In general, there is no cure period available for such Owner noncompliance. Cure periods are only available with respect to availability of gas infrastructure and no leakage and availability of restrooms in certain areas of the Terminal. Cure periods vary from 1 hour to temporarily cure the event, to 24 hours to permanently cure the event.

Increased Oversight, Testing and Inspection

If at any time the Company is assessed noncompliance points or accumulates noncompliance instances in excess of a certain threshold, the Owner is entitled to increase the level of oversight of the Project and the Company, at the Company's reasonable expense, to the level the Owner reasonably sees fit until the Company demonstrates (to the reasonable satisfaction of the Owner) that (i) it has reduced the number of noncompliance points below the threshold; (ii) it is diligently pursuing cure of all other instances of noncompliance; (iii) it has cured any Company Event of Default; and (iv) it is capable of performing its obligations under the Contract Documents. The Owner is entitled to increase its levels of oversight at any time at its sole expense and discretion.

Contracting and Labor Practices

The Company has obligations in the Development Agreement with regard to (i) disclosing its contractors and contracts to the Owner; (ii) retaining certain firms and organizations specifically listed in the Development Agreement to fill certain key contractor positions; (iii) prompt payment to contractors; (iv) retaining certain individuals specifically listed in the Development Agreement and in the Project management plan to fill certain key personnel positions; (v) minority and women's business enterprise provisions; (vi) compliance with labor, occupational, safety and health laws; (vii) ethical standards; (viii) conduct, skills, licenses, certifications and experience of its personnel; (ix) nondiscrimination; (x) prevailing and fair wages; (xi) use, possession or sale of alcohol and drugs and Owner's smoking policy; and (xii) non-employment of illegal aliens. The Company is also obligated to cause its contractors to comply with various aspects of such obligations, and failure by the Company or its contractors to so comply with such obligations may, in certain cases, result in additional rights for remedies of the Owner.

Safety Compliance

The Owner is entitled to issue safety compliance orders to the Company with respect to the Project to correct a specific safety condition or risk involving the Project. Except in the case of an emergency, the Owner must consult with the Company prior to issuing a safety compliance order concerning the risk to the users or worker safety, alternative measures, cost impact and the availability of Company resources to fund the required work. Subject to such prior consultation, the Owner may issue safety compliance orders to the Company at any time from and after the issuance of NTP 2. The Company is required to implement all safety compliance orders as expeditiously as reasonably possible following the issuance thereof.

Relief Event Claims

If a Relief Event occurs, the Company may seek monetary compensation, time extension and/or other relief from the Owner, as applicable. The Company is required to file a Relief Event Notice with the Owner, as soon as practicable, and in any event within 14 days from the date on which the Company has knowledge that a Relief Event has caused or is likely to cause an entitlement of the Company under the Development Agreement, setting forth, amongst other things, a description of the Relief Event, its date and duration, an estimate of its effects and the nature and scope of the Company's entitlement to compensation or relief. The Company is required to submit to the Owner a formal Relief Event claim for specific monetary compensation, time extension and/or other relief within 60 days after submittal of the Relief Event notice with all information relating to the specific relief (such as details of the Relief Event, of its nature, date of occurrence, estimated duration, provisions of the Development Agreement that are claimed to entitle the Company to compensation, time extension or other relief, its impact on schedule or monetary impact, an explanation of measures taken to prevent or mitigate the event, type and amount of insurance that may be applicable). If the Company fails to submit the required notice, claim or information to the Owner within the time periods specified in the Development Agreement, then the Company will not be entitled to any remedy from the date it was required to submit the relevant information until the actual date on which it submits the same. If the Company fails to submit any claim, notice or information within thirty days following the date on which it was required to do so, the Company will have no right to make any claim with respect to the Relief Event. The Company will bear the burden of proof in connection with the occurrence of a Relief Event, its entitlement to relief and compliance with its mitigation obligations. The Owner is required to issue a written determination within 30 days after receipt of a Relief Event claim. A failure by the Owner to issue a written determination will be deemed a rejection of a Relief Event claim and the Company will be entitled to refer such rejection to the dispute resolution procedure under the Development Agreement. In the event the parties are unable to agree as to the specific compensation, time extension or other relief,

or a portion thereof, either party may refer the dispute to the dispute resolution procedure under the Development Agreement and described in “—Dispute Resolution Procedures.”

During the occurrence and continuance of a Relief Event, noncompliance points will not accrue, the Owner will not be entitled to deliver breach notices, no monetary deductions will be assessed, and no Company Event of Default will occur, to the extent the Relief Event would have otherwise caused the same. The Company will also be excused from compliance with the Contract Documents, applicable laws or governmental approvals due to its inability to comply as a direct result of the Relief Event.

The Company will be entitled to certain time extensions to certain deadlines detailed in the Development Agreement upon the occurrence of a Relief Event. Such deadlines include the Construction Commencement Deadline, the Scheduled Company TSA Screening Area Handover Date, each Functional Area Readiness Date, the Scheduled Project Substantial Completion Deadline and the Project Final Acceptance Deadline. If the Company fails to handover the TSA screening area to the Owner on or prior to the scheduled date under the Development Agreement for such handover, other than as a consequence of a Relief Event, the Company is required to reimburse the Owner for certain direct costs related to rescheduling the Owner’s work related to its TSA obligations in connection with the TSA screening area and for certain mitigation measures to the extent agreed to by the Company in advance.

The Company is also entitled to monetary compensation for Compensation Events, including (i) to direct costs incurred by it or its contractors as determined in accordance with the Development Agreement (other than in respect of a Compensation Event (Type 3)); (ii) to the extent a Compensation Event delays receipt by the Company of Supplemental Payments, to compensation for delays in receipt of such payments, (iii) compensation for lost Concessions Revenue as a consequence of a Compensation Event (Type 1) or a Compensation Event (Type 2); and (iv) loses, expenses, damages, costs, claims, fees (including reasonable attorneys’ fees) or any other liability of the Company or a Company related entity incurred as a consequence of the occurrence of a Compensation Event (Type 3). Compensation in connection with (ii) and (iii) above will be limited to 180 days. If the Compensation Event exceeds 180 days the parties will be entitled to terminate the Development Agreement as further explained below. Except for compensation in connection with Delay Events which would prevent performance of the operation and maintenance services by the Company, the Company will not be entitled to any monetary compensation for a Delay Event. Likewise, the Company will not be entitled to compensation for a Compensation Event (Type 3) other than as described in (iv) above. Any payments for compensation with respect to a Relief Event will be net of all insurance proceeds received in connection with the Relief Event.

The Owner may elect to compensate the Company with periodic payments over the Term, an adjustment to the Maximum Annual Supplemental Payments, as periodic payments, with an up-front lump sum payment or through a combination of the foregoing. If the Owner elects to compensate the Company other than with an up-front lump sum payment, the Company will be entitled to additional compensation as necessary to maintain the Equity IRR and debt service coverage ratio in the Financial Model.

Under the Development Agreement, a “Delay Event” includes any of the following events, subject to other limitations and requirements that may be set forth in the Development Agreement for such events: (a) a Force Majeure Event; (b) an adverse weather event during the Construction Period; (c) a Non-Compensable Non-Discriminatory O&M Change; (d) a delay by or failure of any governmental entity to provide a key governmental approval identified as a “Key Governmental Approval” in the Development Agreement by the applicable deadline established therein, provided that the Company diligently pursued such approval and the relevant delay could not have been mitigated by the Company through reasonable best efforts. Key governmental approvals include approvals from the TSA with respect to the design of security screening checkpoint areas and associated support spaces, approval from the FAA with respect to each 7460 permit and approval by the building official for the Project of the Issued for Construction package or amendments thereto; (e) any strike, lockout, or similar labor-related action generally affecting the construction, building maintenance or facilities management industry in the State of Colorado, but excluding any strike, lockout or similar labor-related action specific to the Project (other than a sympathy strike), the Company or any Contractor; (f) the performance of work by any governmental entity (excluding TSA Work) that materially interferes with the performance of the work by the Company or any Company related entity; and (g) change in law other than any Qualifying Change in Law.

Under the Development Agreement a “Compensation Event (Type 1)”, includes any of the following events:

- (a) Owner Change (including any Compensable Non-Discriminatory O&M Change but excluding any Non Compensable Non-Discriminatory O&M Change) or any Discriminatory O&M Change;
- (b) safety compliance orders;
- (c) the Owner’s failure to perform or observe any of its material covenants or obligations under the Development Agreement or other Contract Documents;
- (d) certain Owner-caused delays detailed in the Development Agreement;
- (e) violation of applicable law by the Owner that materially adversely impacts Company’s performance of the work or the Company's Commercial Revenue;
- (f) except as contemplated in the Development Agreement, the development, use or operation by the Owner of, or the development or operation of a business opportunity (not otherwise granted to the Company under the Development Agreement) in the work site, or corresponding airspace that materially prevents Company from performing its fundamental obligations under the Development Agreement or materially adversely affects its costs;
- (g) performance of work by the Owner (including its employees, contractors or consultants) in or adjacent to the work site (including in Adjacent Projects) that materially disrupts or materially interferes with the Company’s work within the relevant areas where construction work is performed or ancillary sites;
- (h) failure by the Owner to substantially complete the Level 5.5 Project on or prior to the deadline set forth in the Development Agreement, provided that Company shall have complied with the applicable transition and phasing plan;
- (i) the operation by the Owner for use by the public of a new terminal unless the Passenger Capacity Threshold has been achieved;
- (j) any expansion of, changes in or improvements of concession offerings in the Airside Concessions Space that represents a ratio of total Airside Concessions Space (measured on a square foot basis of retail (including duty free), food and beverage and passenger services) to total enplanements (measured per 1,000 enplanements) in excess of the Concessions growth ratio when calculated, but excluding any instance where such ratio is exceeded due to actual passenger traffic being less than the traffic forecast for the Denver International Airport published by FAA in effect at the time of the ratio is being measured for the relevant twelve-month period; the ratio contemplated herein and in the definition of Concessions growth ratio shall be calculated as of the end of each calendar month during the Project Operating Period, using the square footage of total Airside Concessions Space as of such calculation date and the number of total enplanements during the twelve (12)-month period ending on such calculation date;
- (k) the impositions of any limitations, restrictions or other measures by the Owner (or on its behalf) to limit, reduce or divert any access of passenger or vehicular traffic from the Terminal or diversion of passengers within the Terminal away from the Terminal, in any such case except due to a Compensation Event (Type 2) or a Delay Event, for an aggregate amount of 160 hours per year;
- (l) suspension by the Owner of train services between the Terminal and any of the Airport concourses (except due to a Compensation Event (Type 2) or a Delay Event) or failure to repair or remedy any operational failure of the train providing such services in a diligent manner, in any such case except to the extent reasonably necessary to address emergencies, operational disruptions caused by any third party operator of such train services, or scheduled shutdowns outside of regular operating hours, for an aggregate period in excess of 160 hours per year;

- (m) release of contaminated materials by the Owner, but only to the extent such release (i) occurs after the Effective Date; (ii) is required to be reported to a governmental entity ; and (iii) renders use of the work site unsafe or in breach of applicable Law absent assessment, containment and/or remediation;
- (n) discovery of pre-existing contaminated materials;
- (o) discovery of unknown structural conditions;
- (p) discovery of unknown utilities that materially adversely affects the infrastructure design and construction work outside of the Terminal but within the Project site;
- (q) revocation of, or any amendment to, or the failure by the person designated as building official for the Project to comply with, the terms of (i) the existing administrative modifications to the Denver Building Code on or after the date of execution of the Development Agreement by the Company, or (ii) the Formal DBC Administrative Modification, once obtained, in each case in connection with the D&C Work;
- (r) discovery in respect of the implementation of the D&C Work of any noncompliance of the Terminal as of the Effective Date with applicable DBC requirements, to the extent such noncompliance (i) is not addressed in the existing administrative modifications to the Denver Building Code or the Formal DBC Administrative Modification, once obtained, (ii) was not known by Company or any Company-related entity as of the date the Company executed the Development Agreement, and (iii) could not have reasonably been known by Company or any Company-related entity as of the date the Company executed the Development Agreement with the exercise of reasonable due diligence;
- (s) discovery of archaeological, paleontological or cultural resources at or on the work site;
- (t) discovery at or on the work site of threatened or endangered species under the federal or State of Colorado endangered species act;
- (u) issuance of a temporary restraining order or other form of injunction or legal order by a court that prohibits prosecution of any portion of the work as a direct result of an act or omission of any Owner-related governmental entity;
- (v) denial by the Owner of Company's request for a design exception or deviation from the Technical Requirements in the cases and under the conditions specified in the Development Agreement, in breach of the Development Agreement; and
- (w) any modification, amendment, change or supplement to: (i) the General Junior Lien Bond Ordinance or the Supplemental Junior Lien Bond Ordinance following the Effective Date or the Bond Ordinance following the date the Company executes the Development Agreement, in either case that adversely affects the Owner's ability to pay the Supplemental Payments in accordance with the Agreement; or (ii) the rate coverage covenant included in the General Junior Lien Bond Ordinance or incorporated by reference in the Supplemental Junior Lien Bond Ordinance.

Under the Development Agreement a "Compensation Event (Type 2)", includes any of the following events:

- (a) Qualifying Change in Law;
- (b) release of contaminated materials by a third party who is not a Company related entity, but only to the extent such release (i) occurs after the Effective Date; (ii) is required to be reported to a governmental entity ; and (iii) renders use of the work site unsafe or in breach of applicable Law absent assessment, containment and/or remediation;
- (c) issuance of a rule, order or directive from the U.S. Department of Homeland Security, TSA, FAA or any other governmental entity to the extent such rule, order or directive requires specific changes in Company's normal design or construction procedures in order to comply;

- (d) issuance of a temporary restraining order or other form of injunction or legal order by a court that prohibits prosecution of any portion of the Work other than as a direct result of an act or omission of any Owner-related governmental entity; and
- (e) TSA change or delay.

Under the Development Agreement a “Compensation Event (Type 3)”, means subject to any other applicable limitations and requirements set forth in the Development Agreement, any losses, expenses, damages, costs, claims, fees (including reasonable attorneys’ fees) or any other liability of Company or any Company-related entity to any third party (other than any Company-related entity) for any claim, cause of action or fine asserted by such third party against Company or any Company-related entity with respect to contaminated materials for which the Owner is deemed to be the generator or arranger pursuant, provided that the Company strictly complies with its environmental obligations under the Development Agreement.

Changes in the Work

The Owner has the right to make changes or alterations to the work and the Company is required to perform the work as altered or changed, except to the extent the change would (i) result in a breach of Law or breach of any conditions of a governmental approval or the revocation of any governmental approval, (ii) render any insurance policy void or voidable, (iii) require a new governmental approval which would not be reasonably obtainable, or (iv) materially adversely affect the health and safety of any person or the risk allocation and payment regime under the Development Agreement. The Company is entitled to compensation for owner changes as detailed in the Development Agreement, including for Compensable Non-Discriminatory O&M Changes and Discriminatory O&M Changes which will constitute a Compensation Event and for Non-Compensable Non-Discriminatory O&M Changes which will constitute a Delay Event. If any change results in a net reduction of costs to the Company, the Company has agreed to pay the Owner the amount of such net reduction in costs. The Company may also request the Owner to approve modifications to the Technical Requirements or deviation from or noncompliance with, the requirements of the Technical Requirements in work performed. The Owner, in its sole discretion, may accept or reject any such Company changes or deviations. The Company may also submit to the Owner requests for changes, deviations, modifications, alterations or exceptions to the Manuals and Guidelines necessary to permit the Company to perform design and construction work without incurring additional costs or scheduled delay, but solely to the extent that the necessity of such change or deviation (a) becomes known pursuant to the design development process; (b) was not known to the Company or any Company related entity, or could not have reasonably been known by the same with the exercise of reasonable due diligence, on the date of execution of the Development Agreement. The Owner shall approve such request unless: (i) the request does not meet the conditions specified above, or (ii) granting it would pose a danger or threat to the health or safety of any user, would be inconsistent with the Contract Documents (other than the Manuals and Guidelines), it would unduly interfere with current or future Airport operations and associated rights of way or Adjacent Projects, or would not result in performance, quality, and utility of the end product equal to or better than would result from full compliance with the Manuals and Guidelines.

If the Owner decides to initiate a change to the work and changes to requirements applicable to the work, the Owner will send a change request to the Company informing it of the proposed change and requesting from the Company a preliminary change estimate. The Company is required to prepare and deliver to the Owner a preliminary change estimate within 30 days of receiving a change request. The Company will be responsible for any additional schedule impact and costs to the Owner caused by its failure to submit a preliminary change estimate within the prescribed time period. The preliminary change estimate must include, among other thing, details of the changes to the scope of work as a result of the proposed change, details of proposed adjustments to the Project schedule, impacts on debt service schedule, funding and release of reserves, financing costs, estimate of cost savings as a result of the proposed Owner change, estimate of increases or decreases to Concessions Revenue and Non-Concessions Revenue, description of additional consents or approvals required to implement the change, description of steps that will be taken by the Company to implement the change, a proposed revised financing model and any amendments required to the documents for the Project. The Owner and the Company are required to agree on a final change estimate within 15 business days after the Owner received the preliminary change estimate. An owner change will become effective upon mutual execution of a written change order which will provide all the details of the change and the compensation or time or other relief to which the Company will be entitled for the same. The Company will not undertake any change without a signed change order.

If the Owner and the Company do not agree on a change estimate, the Owner can elect not to proceed with the change or issue a change directive. The Company is required to comply with a change directive from the Owner, directing the Company to implement an Owner change. If not already done so, the Company is required to deliver a preliminary change directive to the Owner within 30 days following the receipt of a change directive. Following issuance of a change directive and pending mutual execution of a change order, the Owner will make progress payments to the Company for its direct costs incurred in implementing the Owner change, as reasonably demonstrated by the Company in writing from time to time.

Payments to Company

Progress Payments

The Owner has agreed to pay to the Company progress payments on a monthly basis in arrears after the issuance of NTP 1 (“**Progress Payments**”). The amount of each Progress Payment is required to equal the total amount payable by the Company to the Contractor for the design and construction work performed in the relevant month, multiplied by 73.73% (representing the Maximum Progress Payment Amount (\$479,245,000) divided by the D&C Contract Amount (\$650,000,000)). The Owner will deduct from the first Progress Payment (and any subsequent payments as necessary) the aggregate amount of Early Design Work Payments made to the Company. The Owner will accrue an amount equal to 5% of the approved amount of any Progress Payment. No deductions for such accrual will be made against any Progress Payment. If the Certificate of Final Acceptance is not issued, any retained accruals will be deducted from Supplemental Payments in an inverse order of maturity. All amounts accrued will be released upon issuance of the Certificate of Project Final Acceptance.

Bonus Payment

If the Company hands over the TSA screening area to the Owner in accordance with the Technical Requirements (i) on, or less than 30 days prior to, the Scheduled Company TSA Screening Area Handover Date, the Company is entitled to a bonus payment in the amount of \$2 million; or (ii) more than 30 days prior to the Scheduled Company TSA Screening Area Handover Date, the Company is entitled to a bonus payment in the amount of \$3 million.

Supplemental Payments

From the Project Substantial Completion Date to the Termination Date, the Owner will make monthly supplemental payments to the Company (the “**Supplemental Payments**”). The Supplemental Payments will be based on the Terminal Improvements being available for the applicable Airport activities and on performance of the operation and maintenance services by the Company in accordance with certain minimum requirements. Supplemental Payments will be calculated and earned by the Company as follows:

$$MSP_n = BM_n - ADA_n + EODAn + / - OI$$

Where:

MSP_n = Monthly Supplemental Payment for Month (n-1), which shall not be less than zero (provided that any remaining deductions shall be deducted from the Monthly Supplemental Payment in the immediately subsequent month)

BM_n = Base Monthly Supplemental Payment amount for Month (n):

$$BM_n = \frac{MASP_y}{12} \times F$$

F = Supplemental Payment Step Up Factor which shall be calculated as follows:

$$F = \frac{dm}{dmn}$$

Where:

drn =

- (1) Total number of days in Month (n); or
- (2) If Project Substantial Completion occurs part way through a Month, the number of days remaining in Month (n) as at the Project Substantial Completion Date; or
- (3) If the Termination Date does not occur on the last day of a Month, the number of days from the beginning of the Month up to and including the Termination Date.

dmn = Total number of days in Month (n).

ADAn = Adjusted Deduction Amount for Month (n)

EODA(n) = Excess Owner Deduction Amount for Month (n)

OI = Any adjustments (including any deduction that is rolled over from an immediately preceding month) and any amounts payable by the Owner to the Company.

The Supplemental Payments payable during any given fiscal year will never exceed the Maximum Annual Supplemental Payment amount for that year, which shall be calculated in accordance with the following:

$$MASP_y = (CP_{2016} \times 1.025^{(y-2016)}) + \left(OMP_{2016} \times \frac{CPI_y}{CPI_{Base}}\right)$$

Where:

MASPy = Maximum Annual Supplemental Payment for Fiscal Year (y)

MASP2016 = \$22,496,000

CP2016 = \$13,256,000

OMP2016 = \$9,240,000

CPIy = Consumer Price Index as of December of the year that is immediately prior to the commencement of Fiscal Year (y) (CPIy shall apply to all calculations relating to Fiscal Year (y))

CPIBase = Consumer Price Index as of December 2015.

Supplemental Payments will be subject to deductions for performance failures due to the Company's failure to provide operation and maintenance services in line with the performance standards detailed in the Development Agreement.

Allowances

The D&C Contract Amount includes the following allowances:

Allowance Items	Amount
Ticketing Equipment and Kiosks	\$37,500,000
Curbside Canopies	\$8,000,000
FF&E	\$11,000,000
Aggregate Allowance Amount:	\$56,500,000

At Project Substantial Completion, if the aggregate price for allowance items: (i) exceeds the Aggregate Allowance Amount set forth in the table above, the amount of the difference will be paid by the Owner, or (ii) is less than the Aggregate Allowance Amount, 60% of the amount of the difference will be deducted from the last Progress Payment.

Disputed Amounts; Interest on Payments

The Owner has the right to dispute, in good faith, any amount specified in an invoice submitted by the Company under the Development Agreement. The Owner has agreed to pay the amount that is not in dispute, and will be entitled to withhold the balance pending resolution of the dispute. The parties must use their reasonable efforts to resolve any dispute and if they fail to solve the issue in 30 days, will subject the same to the dispute resolution procedures set forth in the Development Agreement. See “—Dispute Resolution Procedures.” Due and unpaid amounts under the Development Agreement accrue interest at a late payment rate of 1% (not compounded) per month or the maximum amount permitted by law, whichever is less. Any overpayment made by the Owner to the Company will also entitle the Owner to receive payment of interest at such late payment rate on the amount so over paid until the date of payment.

Maximum Contract Amount

The total amount of compensation paid to the Company by the Owner under the Development Agreement will not exceed \$1,800,000,000. The Owner is authorized, without further approval of City Council, to make additional payments that may be required by the terms of the Development Agreement, which would include any compensation payable by the Owner in connection with Compensation Events and Termination Compensation.

Source of Funds

Payments under the Development Agreement will be paid from the Airport System Fund. The Owner has no obligation to make payments from any other source. In the event of any conflict, ambiguity or inconsistency, the Bond Ordinance, the General Junior Lien Bond Ordinance and the Supplemental Junior Lien Bond Ordinance will have precedence over the Contract Documents.

Equity Transfers and Change of Control; Committed Investment Requirements

Restrictions on Equity Transfers and Change of Control

Unless the Company obtains the Owner’s prior written approval and except for the exceptions detailed below, no equity transfer shall result in any of the Equity Members, Ferrovial Airports International, Ltd., JLC Infrastructure Fund I L.P., or Saunders Construction, Inc., ceasing to own (directly or indirectly) the same percentage of the issued share capital in the Company, that it owned (directly or indirectly) as of the Financial Close Date. Except for the following transactions, any Change in Control of the Company is subject to the Owner’s prior written approval.

The following exceptions are permitted at any time under the Development Agreement and without the Owner’s approval: (i) a change in control of the management of the Company or in a material aspect of its business due to an open market transaction, (ii) an upstream reorganization or transfer of indirect interests so long as there occurs no change in the entity with ultimate power to control or direct the management of the Company; (iii) a change in control of the management of the Company or in a material aspect of its business due solely to a transaction involving beneficial interest in a parent organization of an Equity Member whose reference, experience or financial statements were not considered or evaluated, and who is not suspended or debarred or subject to a proceeding to suspend or debar from bidding, proposing or contracting with any federal or state department or agency; (iv) an equity transfer where the transferor and transferee are under the same ultimate parent organization, ownership management and control; (v) the exercise of minority veto or voting rights over major business decisions of the Company, and if such rights are provided by shareholder or similar agreements, the Owner has received a copy of the same on the Effective Date; and (vi) the grant of Security Documents or the exercise of rights thereunder. For transactions described in numbers (i), (ii), (iii) and (iv) the Company shall deliver to the Owner a notice describing the transaction

and the names of the transferor and transferee, if applicable, within 10 days prior to effectiveness thereof (or with 5 days in respect of the exception in number (i) as it relates to a transaction other than an initial public offering).

An Equity Member that has a controlling interest in the Company at Financial Close may effect an equity transfer without any prior approval of the Owner provided that no Change in Control in the Company occurs as a result thereof and the proposed transferee and its ultimate parent meet certain required criteria. The Company must provide the Owner with 30 days' prior written notice of any such transaction accompanied by the required information and certificates, certifying that the transferee meets the conditions detailed therein.

Equity transfers where the transferring Equity Member and the transferee are under the same ultimate parent organization ownership, management and control before and after the transfer will not require Owner's approval, but the Company must provide the Owner with 30 days' written notice of the proposed transfer along with certifications confirming the information set forth therein.

Following the second anniversary of the Project Substantial Completion Date, any equity transfer that does not result in a Change of Control will not require any prior approval of the Owner, provided the transferor and transferee comply with the requirements set forth in the Development Agreement. Prior to such second year anniversary, the Owner may withhold or condition its approval in its sole discretion and any such decision will be final and binding. After such second year anniversary, the Owner will not unreasonably withhold its approval of a transaction. Reasonable causes for the Owner to withhold its approval under the Development Agreement include the existence of a Company Event of Default, the inability of the Company to timely perform its obligations as a result of a Change of Control and failure to meet the requirements set forth in the Development Agreement related to a proposed transferee.

Prior to the period ending two years after the Project Substantial Completion Date, any initial Equity Member of the Company whose role, and its affiliates' roles, if any, are restricted to financial matters and which has no role in the performance of the work and does not have a controlling interest, may assign, sell or transfer its interest (whether direct or indirect) in the Company, provided that any such transfer is subject to the Owner's prior reasonable approval unless such transfer constitutes a Change of Control (in which case it shall be subject to the Owner's approval, in its sole discretion). The Company shall deliver to the Owner, within sixty days prior to the effectiveness of such transfer or transaction, written notice describing the transfer or transaction and the names of the transferor and transferee, together with the documentation detailed in the Development Agreement.

Minimum Equity Requirement

The Company must maintain a construction equity ratio of at least five percent throughout the period between Financial Close and Project Substantial Completion, except to the extent (i) the Owner otherwise approves in writing in its sole discretion, (ii) the Company must reduce such ratio as part of a workout related to a breach or default under the Financing Documents, or (iii) such ratio is reduced because the Company incurs additional Project Debt pursuant to a Rescue Refinancing. The construction equity is the ratio between (a) the Committed Equity Investment at any time; and (b) the sum of Committed Equity Investment at such time and the amount of Project Debt scheduled to be outstanding at that time.

Financial Model for the Project

The Company is responsible for preparing and updating the Financial Model for the Project for Financial Close, whenever a Relief Event occurs, whenever an event for which the Company is entitled for compensation occurs, whenever a Refinancing occurs and there is a Refinancing Gain in which the Owner participates, whenever the Contract Documents are Amended and the Owner and the Company agree that the amendment has a material effect on the Financial Model or whenever it is otherwise agreed by the Company and the Owner. The Company bears the risk of any errors in or omissions from the initial financial model used to produce the financial forecasts in respect of the Project as of the date the Company executed the Development Agreement and as of the Financial Close Date and for any subsequent financial model. If the Owner is required to disclose the financial model, the Company can a protective order or other appropriate remedy. The Owner will disclose the information if the Company fails to timely seek or obtain such order or remedy and the Owner determines, in its good faith discretion, that disclosure is required by the Open Records Act. The initial financial models and any updates thereof must be audited by an independent

model auditor who will provide an opinion or report regarding the suitability of the model. The auditor's report will be provided by the Company to the Owner. The Initial Financial Model (Developer Execution) was deposited by the parties in a financial escrow following the execution of the Development Agreement. Any subsequent Financial Model and updates thereof will be deposited into the financial escrow.

Project Financing and Refinancing

Company's Right and Responsibility to Finance Project

The Company is solely responsible for obtaining and repaying, without recourse to the Owner, all financing necessary for the Project and must diligently pursue its obligations to obtain such necessary financing, as described in its financial plan. The foreclosure or enforcement of any security interest created by a Financing Document does not relieve the Company from any of its obligations under the Development Agreement. The Owner has no responsibility to pay debt service on any debt issued or incurred by the Company, nor to execute any guarantee any note or other evidence of indebtedness of the Company, or any funding agreement or security agreement (other than the Direct Agreement).

Refinancing

Subject to obtaining the Owner's prior written approval, the Company has the right to consummate Refinancing transactions on terms and conditions acceptable to it (provided that the Owner's consent is not required for Exempt Refinancing transactions or for a Rescue Refinancing, so long as the Company complies with the notification procedure set forth in the Development Agreement). The Owner's consent to a Refinancing will be based on (a) agreement on the amount, if any, of Refinancing Gain provided that the Owner is entitled to 50% of any Refinancing Gain, and (b) compliance with certain notice requirements, limitations, conditions precedent and other requirements detailed in the Development Agreement, which include (i) satisfaction of the Committed Equity Investment requirements, (ii) a requirement that the Refinancing will not increase the amount of Lenders' Liabilities by more than 10%, (iii) payment of Owner's recoverable costs, and (iv) Owner's entitlement to 50% of the Refinancing Gain. The Company is required to deliver to the Owner copies of all signed Financing Documents in connection with any Refinancing and a revised financial model reflecting the terms of the Refinancing and Refinancing Gain, no later than 10 days after close of the Refinancing.

Insurance, Payment and Performance Security and Indemnity

Insurance

The Company and the Owner are required to procure and maintain the Company- provided and Owner- provided insurance policies in accordance with the requirements and terms of coverage described in the Development Agreement.

Performance and Payment Bond

The Company must obtain or caused to be obtained, a Performance Bond in an amount equal to \$325,000,000 as a condition to the commencement of the design work and the Owner's issuance of NTP 1, to secure performance of the design and construction work. Additionally, the Company shall obtain or caused to be obtained, a Payment Bond in an amount equal to \$325,000,000 as a condition to the commencement of design work and the Owner's issuance of NTP 1, securing the Contractor's obligation to pay for labor and materials in connection with the D&C Work. Both the Performance and Payment Bonds must be and agreed upon form with the Owner, be issued by a surety or insurance company authorized to issue bonds in the State of Colorado and that is rated in the top two categories by two NRSROs or at least "BBB+" or better and "Class VIII" or better according to A.M. Best and Company's Financial Strength Rating and Financial Size Category, except as otherwise approved in writing by the Owner in its reasonable discretion.

Indemnity

The Company must defend, indemnify and hold harmless the Owner and the City and their respective successors, assigns, agencies, divisions, officeholders, elected officials, officers, directors, commissioners, agents, representatives, consultants and employees (the “Indemnified Parties”) against liabilities, claims, judgements, suits, investigations, legal or administrative proceedings, or demands for damages to persons or property arising out of, resulting from, or relating to the work performed under the Contract Documents, in each case if threatened, asserted or incurred by or awarded to any third party including to the extent caused by, among others (i) a breach or alleged breach by the Company of the Contract Documents or the Design and Construction Contract (or any other key contract with its lead designer, contractor or operations and maintenance firm) or the Financing Documents, (ii) failure or alleged failure to comply with governmental approvals or any laws in connection with the work; (iii) patent, copyright or trademark infringements; (iv) negligence or willful misconduct of the Company or any Company- related entity in the performance of the work; (v) release of contaminated materials by the Company or any Company-related entity; (vi) errors or other defects in the design and construction of the Project. The Company’s indemnity obligations shall not extend to any claim, demand or loss which has been determined to be (a) the sole negligence or willful misconduct of the indemnified party; (b) a Relief Event; or (c) the Owner’s breach of any of its obligations under the Contract Documents.

Default; Suspension of Work; Suspension for Delinquency

Default by the Company

The following will be events of default by the Company under the Development Agreement (each a “**Company Event of Default**”): (i) failure to satisfy the conditions to NTP 1 within 30 days of the Financial Close Date; (ii) failure to begin the design work within 10 days following NTP 1; (iii) the Company discontinues the prosecution of the work for a continuous period of 20 days, except as otherwise allowed under the agreement, or fails to resume the work within 30 days after the Owner notifies it to do so; (iv) failure to perform the work in accordance with the Contract Documents; (v) failure to comply with governmental approvals and laws; (vi) failure to make any undisputed payment to the Owner, or fails to deposit funds to any reserve or account; (vii) use of the Project by the Company or any Company-related entity in violation of the Contract Documents, governmental approvals or law; (viii) failure to provide and maintain insurance, bonds, guarantees or other performance security; (ix) a voluntary or involuntary assignment or transfer of the agreement, the Project or the Company’s equity in violation of the agreement; (x) any representation or warranty of the Company or any guarantor in the Contract Documents, any guaranty or any certificate, schedule, report, instrument or other document delivered to the Owner is false in any material respect or misleading or inaccurate or omits material information necessary so as not to make such disclosure misleading; (xi) failure to timely observe or cause to be observed or performed any other material covenant, agreement, obligation, term or condition; (xii) voluntary bankruptcy event; (xiii) involuntary bankruptcy event; (xiv) failure to comply with a written suspension of work; (xv) failure to commence construction work on the scheduled date under the Development Agreement or to achieve Project Substantial Completion by the Project Substantial Completion Long Stop Date; (xvi) the cumulative number of noncompliance points or instances assessed during any 365 day period exceeds or equals the threshold set forth in the Development Agreement; (xvii) failure to allow public access to all documents, papers, letters, or other material subject to the provisions of the Open Records Act, made or received by the Company solely in conjunction with the Contract Documents; (xviii) conviction against the Company or any qualified investor, or any of its respective partners, members, officers, directors, responsible managing officers, or responsible managing employees, of any charge of fraud, bribery, collusion, conspiracy, or any other act in violation of any state or federal antitrust law in connection with the bidding upon, award of, or performance of, any public works contract; (xix) a persistent company breach exists in accordance with “—Persistent Company Breach” herein; or (xx) violation by the Company of provisions of the Development Agreement prohibiting the employment of illegal aliens.

Notice and Cure Periods

Except in connection with a Company Event of Default for the circumstance described in (xviii) above, the Owner is required to provide written notice of the occurrence of a Company Event of Default. Following the receipt of such notice, the Company has cure periods for most of the Company Events of Default of 30 days from the date the notice is received.

Termination

If any Company Event of Default occurs and it is not cured within the applicable cure periods, the Owner may terminate the Development Agreement with immediate effect upon written notice to the Company. Such termination will, among other things, automatically terminate the Company's rights to the Company Commercial Revenues and the Supplemental Payments.

Immediate Owner Entry and Cure of Wrongful Use

Without notice and without awaiting lapse of any cure period, if there occurs any use of the Project or a material portion thereof in violation of the Contract Documents, governmental approvals or laws, the Owner may take control of the Project or relevant portion, to the extent required to restore the permitted uses and reopen and continue operations for the benefit of the Company and the public, until such time as the Company cures the breach. The Company will be responsible for certain of the Owner's costs related to such entry. If the Owner undertook such action due to a mistaken belief regarding the occurrence of such a default, such event will constitute an Owner-caused delay.

Remedies for Failure to Meet Safety Standards or Perform Safety Compliance

If at any time the Company fails to meet any safety standard or timely perform safety compliance, or the Owner and the Company cannot reach an agreement on the interpretation or application of a safety standard or the issuance of a safety compliance order within a period of time acceptable to the Owner, the Owner has the right to undertake or direct the Company to undertake any work necessary to ensure the implementation of and compliance with safety standards and safety compliance. To the extent the work undertaken by the Owner is reasonably necessary, the Company will pay the Owner for certain costs incurred in connection with such work and the Owner will not be required to compensate the Company if the work is performed thereby. If the work done by the Owner is not reasonably necessary to comply with the safety standards or safety compliance orders, the Owner shall compensate the Company for losses incurred as a direct result thereof. Additionally, if as a result of a failure to comply with safety standards or safety compliance orders there occurs an emergency, the Owner is entitled to suspend the Work and/or close or cause to be closed any and all portions of the Project affected by the emergency or danger. So long as the Owner undertakes such action in good faith, even if under a mistaken belief regarding the occurrence of such failure or existence of an emergency or danger as a result thereof, such action will not be deemed to be unlawful or a breach, will not expose the Owner to any liability, except if the Owner's action constitutes gross negligence, recklessness, willful misconduct or bad faith.

Owner Step-in Rights

Upon the occurrence of a Company Event of Default and expiration of the cure period without cure, subject to the rights of the Lenders, the Owner has the right to pay and perform all or any portion of the Company's obligations and the work related to the Company's default. The Company will be obligated to reimburse the Owner for its costs in connection with the performance of the work or Company's obligations. For purposes of carrying out its step-in rights, the Owner may take possession of the Project or suspend or revoke the Company's right to enter the same. The Owner's are subject to (i) the right of any surety under the Performance Bond to assume performance and completion of all bonded work; (ii) the terms of the DA Direct Agreement, see "SECURITY FOR THE BONDS—Direct Agreements;" and (iii) the exercise of any applicable rights of by the Collateral Agent.

Damages; Offset

Subject to certain limitations described below, the Owner is entitled to recover any and all damages available under Law on account of the occurrence of a Company Event of Default, including loss of any compensation due to the Owner under the Development Agreement proximately caused by the Company Event of Default. The Company is liable for any damages that accrue after the occurrence of a Company Event of Default, regardless of whether the default is subsequently cured.

In the case of a termination for Company Event of Default, the Owner may deduct and offset any damages owing to it under the Contract Documents from and against any amounts the Owner may owe to the Company.

Persistent Company Noncompliance

A persistent noncompliance shall be deemed to exist if the cumulative number of noncompliance points or instances assessed during any 365 day period exceeds or equals the threshold set forth in the Development Agreement. A persistent noncompliance is a Company Event of Default and entitles the Owner to terminate the Development Agreement. There is no cure period afforded to the Company to remediate a persistent noncompliance.

Suspension of Work

Subject to the rights of the Lenders, the Owner shall have the right to suspend to work, in whole or in part, by written order to the Company for the Company's failure to cure and correct any of the following within the applicable cure period: (i) material failure to perform the work in compliance with the Contract Documents; (ii) failure to comply with any law or governmental approval; (iii) existence of conditions unsafe for workers, other Project personnel, users or the general public, including failures to comply with safety standards or perform safety compliance; (iv) failure to provide proof of required insurance coverage or obtain and maintain the Payment Bond and Performance Bond; (v) failure to pay prevailing wages; (vi) material failure to carry out and comply with orders given by the Owner in accordance with the Contract Documents. Additionally, the Owner may suspend the work or the Project right of entry by written order to the Company for reasons other than the foregoing. The Company shall not suspend the work without obtaining the Owner's prior written permission.

Persistent Company Breach

If Company commits a breach other than any breach (a) for which a noncompliance points or instances, as applicable, or payment deduction could have been assessed or (b) that arises as a direct result of the occurrence of a Relief Event, that continues for more than twenty consecutive days or occurs more than three times in any consecutive six month period, then the Owner may serve a notice on Company stating, among other things, that the relevant breach is a breach which, if it recurs frequently or continues, may result in termination for persistent breach. If such breach continues or recurs within the three month period after service of the initial notice, the Owner may serve a final notice stating, among other things, that if the breach continues or recurs within the three month period following the final notice, the Development Agreement may be terminated for persistent breach.

Limitation on Company's Liability for Certain Damages

The Company is not liable to the Owner for special, punitive damages or indirect, incidental or consequential damages. The foregoing limitation will not apply to, among others, the following: (i) Losses (as described in the Development Agreement) arising out of fraud, criminal conduct, intentional misconduct, recklessness or bad faith on the part of the Company or any Company-related entity; (ii) the Company's obligation to pay liquidated damages in accordance with the Contract Documents; (iii) Losses arising out of releases of contaminated materials by the Company or any Company-related entity; and (iv) amounts the Company may owe or be obligated to reimburse the Owner.

Default by the Owner

The Owner will be in default under the Development Agreement upon the occurrence of any one or more of the following: (i) failure to make an undisputed payment due to the Company for a period of 15 days, (ii) any representation or warranty is false or misleading or inaccurate when made in any material respect or omits material information when made necessary to include so as not to make such disclosure misleading, (iii) the Owner ceases or fails to perform any of its material obligations under the Development Agreement as a direct result of which the Company is unable to perform all or substantially all of its obligations for a continuous period of 120 days, or (iv) the Owner or any other governmental entity confiscates, sequesters, condemns or appropriates the Project or any material part thereof, excluding a any suspensions or limitations on access due to TSA, FAA or other governmental entity's requirements in response to emergencies, terrorism or Relief Events. The Owner has a 30-day cure period with respect to failures to pay any Progress Payment or Supplemental Payment to the Company, following the delivery of notice from the Company, and a 75-day cure period with respect to any other payment following receipt of such notice. For an Owner default under numbers (ii), (iii) and (iv) above, the Owner has a cure period of 30 days after the Company

delivers written notice of such default, provided that if such default is of a nature that the cure cannot be completed within such period, the Owner will have an additional period up to a maximum of 120 days as is reasonably necessary to effect the cure.

Termination for Owner Default

The Company will have the right to terminate the Development Agreement and recover termination damages for a material owner default which remains uncured following notice and expiration of the applicable cure period, by written notice of termination to the Owner effective immediately.

Damages and Other Remedies

If the Company does not terminate the Development Agreement, the Company will have and may exercise the following remedies upon the occurrence of an Owner default but only following expiration, without cure, of the applicable cure period: (i) submission of a Relief Event claim; (ii) suspend performance of the work, solely with respect to a default in connection with failure to pay; (iii) any other rights and remedies available under the agreement, at Law or in equity.

Limitation on Remedies

The Owner is not liable to the Company for punitive damages or indirect, incidental or consequential damages. The foregoing limitation does not apply to, among others, the following: (i) Losses arising out of fraud, criminal conduct, intentional misconduct, recklessness or bad faith on the part of the Owner, (ii) any amounts the Owner may owe or be obligated to reimburse to the Company under the express provisions of the Contract Documents, and (iii) interest, late charges, fees, transaction fees and charges, penalties and similar charges that the Contract Documents expressly state are due.

Termination

Termination for Convenience

The Owner may, in its sole discretion, terminate the Development Agreement for convenience if the Owner determines that a termination is in the Owner's best interest. In the event of a termination for convenience, the Owner shall pay compensation to the Company (the "Owner Termination Compensation") in an amount equal to:

- (1) to the extent it is a positive amount, (a) all amounts shown in the Financial Model as payable by the Company from the Early Termination Date, either in dividends or other distributions on the share capital of the Company or as payments of interest or repayments of principal made by the Company under the Equity Members Funding Agreements, each amount discounted back at the Termination for Convenience Discount Rates (as of the Early Termination Date) from the date on which it is shown to be payable in the Financial Model to the Early Termination Date, minus (b) Deferred Equity Amounts as at the Early Termination Date (or the net present value of the same if termination occurs prior to the Project Substantial Completion Date); plus
- (2) Lenders' Liabilities; plus
- (3) contractor breakage costs; plus
- (4) redundancy payments; plus
- (5) If the termination occurs during the Project Operating Period, the incremental increase, if any, in the federal and State of Colorado income tax liability of the Equity Members due to payment of the Termination Compensation over the Base Tax Liability; minus
- (6) balances in accounts held by the Company or letters of credit held by the Company the reimbursement of which is not an obligation of the Company at an Early Termination Date; minus
- (7) insurance proceeds.

Termination Compensation following a termination for convenience will be payable by the Owner within 60 days after the delivery of certain documents and other evidence to the Owner as required under the Development Agreement.

Termination for Extended Relief Events

Either party may deliver to the other party a conditional election to terminate the Development Agreement based on a Relief Event under the following circumstances: (i) a Compensation Event has occurred and it will result in a delay in achieving Project Substantial Completion beyond a period of 180 days, or (ii) a Delay Event has occurred and a notice of conditional termination is delivered before, on or after Project Substantial Completion, and the Company is unable to perform all or substantially all of its obligations under the Contract Documents for a period of 180 consecutive days or more or the Project has become inoperable for such length of time. Notwithstanding the foregoing, if the occurrence of any Relief Event results in damage or partial destruction of the Project and insurance proceeds are available to fund work required to remedy the effects of the Relief Event and to compensate the Company as applicable and the parties agree to a restoration plan, then neither party has the right to elect to terminate the Development Agreement.

Upon delivery of a notice to terminate, the Owner and the Company, as applicable, will have the option to accept such notice or to continue the Development Agreement. If the Company elects to continue the Development Agreement the Owner has no obligation to compensate the Company and the Development Agreement will continue in full force and effect. If the Relief Event occurred prior to the Project Substantial Completion Date, the Company is entitled to an extension of the applicable deadlines. If the Company delivers a notice of conditional termination, the Owner shall have a choice to continue the Development Agreement for a period of up to 180 days or such longer period as agreed to by the parties, provided that the Owner in its reasonable discretion determines that the Project can be completed or re-opened. If the Owner elects to continue the Development Agreement it must pay the direct costs to repair and restore any physical damage or destruction to the Project, plus (a) if the notice of conditional termination is delivered before the Project Substantial Completion Date, an amount equal to the amount of Supplemental Payments that would have been paid during the period commencing on the Baseline Project Substantial Completion Date and ending on the Scheduled Project Substantial Completion Date and the applicable Concessions Revenues, minus avoidable operation and maintenance costs, minus insurance proceeds, or (b) if the notice of conditional termination is delivered on or after the Project Substantial Completion Date, without duplication, the amount of Supplemental Payments and applicable Concessions Revenues, minus avoidable operations and maintenance cost and insurance proceeds during such extended period, in each case prorated for the number of days in the period.

If either party to the Development Agreement accepts the other party's conditional election to terminate, the Company will be entitled to compensation calculated as follows: (i) all amounts paid to the Company by way of equity to the capital of the Company, less dividends and other distributions paid to the Equity Members (save to the extent deducted below), which shall never be a negative number, plus (ii) all outstanding Equity Member Debt less an amount equal to the aggregate of all payments of interest made by the Company under the Equity Members Funding Agreements prior to the Termination Date; plus (iii) Lenders' Liabilities; plus (iv) contractor breakage costs; plus (v) redundancy payments; minus (vi) account balances; minus, (vii) insurance proceeds.

Termination Compensation following a termination for an extended Relief Event will be payable by the Owner within 180 days after the delivery of certain documents and other evidence to the Owner as required under the Development Agreement.

Termination for Company Default

If the Owner issues a notice of termination of the Development Agreement due to a Company Event of Default, the Company will be entitled to (i) if termination occurs prior to the Project Substantial Completion Date, compensation in an amount equal to the lesser of (a) the D&C Work Value, plus the lesser of (1) the amount of operation and maintenance costs scheduled in the Financial Model to be incurred by the Company through the Early Termination Date, and (2) the actual amount of operation and maintenance costs actually incurred; and (b) the net Lenders' Liabilities, and (ii) if termination occurs on or after the Project Substantial Completion Date, compensation equal to: (a) 80% of Lenders' Liabilities; minus (b) maintenance rectification costs; minus (c) account balances; minus, (d) deferred equity amounts; minus, (e) insurance proceeds.

Termination Compensation following a termination for a Company Event of Default will be payable by the Owner within 180 days after the delivery of certain documents and other evidence to the Owner as required under the Development Agreement.

Termination for Owner Default

In the event of a termination for an Owner default, the Owner must pay compensation to the Company in an amount equal to the Owner Termination Compensation.

Termination Compensation following a termination for an Owner default will be payable by the Owner within 90 days after the delivery of certain documents and other evidence to the Owner as required under the Development Agreement.

Termination by Court Ruling

A termination by court ruling will become effective upon (a) issuance of a final order by a court of competent jurisdiction after exhaustion of all appeals to the effect that the Development Agreement is void, voidable, and/or unenforceable or impossible to perform in its entirety for reasons beyond the reasonable control of the Company; or (b) issuance of a final order by a court of competent jurisdiction after exhaustion of all appeals upholding the binding effect on the Company and/or the Owner of a change in Law that causes impossibility of performance of a fundamental obligation by the Company or the Owner under the Contract Documents or impossibility of exercising a fundamental right of the Company or the Owner under the Contract Documents. The final court order shall be treated as the notice of termination. In the event of such termination, the Company will be entitled to compensation in an amount equal to the amount payable to as compensation for termination for extended Relief Event, provided that if the termination by court ruling is caused solely by an Owner default or an Owner-caused Compensation Event, the Company will be entitled to compensation in the amount equal to the compensation payable for a termination for convenience.

Termination Compensation following a termination by court ruling will be payable by the Owner within 90 days after the delivery of certain documents and other evidence to the Owner as required under the Development Agreement.

Reserved Rights

The Company's rights and interests in the Project and the work site are limited only to such personal property rights and interests that are necessary and required for developing, permitting, designing, financing, constructing, installing, equipping, operating, maintaining, repairing, reconstructing, rehabilitating, restoring, renewing or replacing the Project. Such rights and interests specifically exclude any real property interest in the Project, the work site and airspace. Under the Development Agreement the Owner reserves to itself all right and opportunity to develop and pursue anywhere in the world entrepreneurial, commercial and business activities related to the Project, except to the extent such rights are expressly granted to Company under the Development Agreement.

The Parties acknowledge and agree that the Owner and its officials, officers and employees are relying on, and do not waive or intend to waive by any provision of the Development Agreement, the monetary limitations or any other rights, immunities and protections provided by the Colorado Governmental Immunity Act C.R.S. §§ 2410-101, et seq. or otherwise available to the Owner and its officials, officers and employees.

Assignment and Transfer

Restrictions on Assignment, Subletting and Other Transfers

The Company may not voluntarily or involuntarily sell, transfer or otherwise encumber its interest to, under or derived from the Contract Documents without the Owner's prior written approval, except (i) to Lenders for security, (ii) to any entity substituting the Company in accordance with the terms of the Development Agreement. The Company shall also abstain from granting any special right of entry onto, use of, or right to manage and control the Project to any other Person except as contemplated by the Development Agreement, without the Owner's prior written approval.

Assignment by the Owner

The Owner has the right to assign its right, title and interest in and to the Contract Documents, the Payment Bond, the Performance Bond or any other security, to any successor thereof without the Company's written consent, and to others with the Company's prior written consent.

Change of Organization or Name

The Company may not change the legal form of its organization without the prior written approval of the Owner.

Dispute Resolution Procedures

General

Any dispute arising in connection with the Development Agreement shall be resolved by each party's authorized representative who will use reasonable efforts to resolve such dispute for a period of at least 15 days. If the authorized representatives fail to resolve the dispute within such 15 day period, either party may refer the dispute to the dispute resolution panel established by the Owner and the Company. The parties to the Development Agreement may, at any time and prior to referring a dispute to the dispute resolution panel, seek an advisory opinion regarding the dispute from such dispute resolution panel. The dispute resolution panel will be established by the Owner and the Company and will consist of three individuals who will be independent from the Owner and the Company. If a dispute remains unresolved, the Owner or the Company may refer any dispute to the resolution panel who shall be in charge of issuing an opinion which will be considered a final order (subject to appeals).

Venue and Jurisdiction

The parties agree that the venue for any litigation arising from a dispute under the Contract Documents shall be in the City and County of Denver, Colorado.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE DESIGN AND CONSTRUCTION CONTRACT

Summary of the Great Hall Project Design & Construction Contract between Denver Great Hall LLC, as the Company, and Ferrovial Agroman West, LLC, as the Contractor

The following is a summary of selected provisions of the Design and Construction Contract relating to the Project and is not a full statement of the terms of such agreement. Accordingly, the following summary is qualified in its entirety by reference to such agreement and is subject to the full text of such agreement. A copy of such agreement is available, free of charge, upon request from the Company or the Trustee, subject to confidentiality undertakings. Unless otherwise stated, any reference in this Official Statement to any agreement shall mean such agreement and all schedules, exhibits and attachments thereto, as amended, supplemented or otherwise modified and in effect as of the date hereof.

Facility Construction

Scope of Work

For purposes of the Design and Construction Contract, the Contractor work includes (i) all work related to the design, engineering and architecture for the Project, (ii) all work to build or construct, make, form manufacture, furnish, install, supply, deliver, landscape, equip and commission the Terminal Improvements as provided in the Contract Documents, including the procurement, installation and commissioning of the FF&E; in each case, including these obligations identified in the Scope Documents, (iii) any work necessary to correct defects and the work defined as O&M Work During Construction in the Technical Requirements (the “**D&C Contractor Work**”). The D&C Contractor Work shall exclude finishes, MEP and FF&E of Concessions Spaces, any operations and maintenance work after Concession Space Readiness (unless related to the applicable punch list or governmental approvals related thereto) and any other work expressly excluded from the Design and Construction Contract.

Schedule of Performance

The Contractor is required to complete the D&C Contractor Work by the deadlines provided in the Design and Construction Contract and otherwise in accordance with the Development Agreement, subject only to extensions of time arising from (i) delays caused by events that qualify under the Development Agreement as Delay Events and/or Compensation Events, but only as specifically provided under the terms of the Development Agreement and only to the extent actually granted to the Company under the Development Agreement, (ii) any delay attributable to any breach of the Company’s obligations under the Design and Construction Contract or the Development Agreement (which is not principally attributable to the Contractor or any of its subcontractors or any other person for which it is responsible by contract or at law), or (iii) any other event expressly stated in the Design and Construction Contract as extending the D&C Contractor Work milestone (including the Company’s right to suspend and the Contractor’s right to suspend).

Finishes, MEP and FF&E of Concessions Spaces will be undertaken by each Concessionaire after the Contractor has delivered each such Concessions Space to the Company or Concessionaire. The Contractor is required to deliver each Concessions Space to the Company ninety Business Days prior to the scheduled Functional Area Readiness Deadline (the “**Concession Space Readiness Deadline**”), in order to allow the Concessionaires to begin with the refurbishment and fit-out of such space. The Concessionaires will then have 90 days to carry out all finishes, MEP and FF&E work in the Concessions Spaces to achieve Functional Area Readiness by the scheduled day. Functional Area Readiness for certain of the Functional Areas where the Concessions will be located will be achieved, among other things, when all requirements necessary for the Concessions to begin operations are completed, and will be evidenced by the issuance of a certificate of Functional Area Readiness by the Owner (and the corresponding certificate issued by the Company to the Contractor).

Design and Construction Standards

The Contractor is required to perform the D&C Contractor Work in accordance with (a) good industry practice; (b) the requirements, terms and conditions set forth in the Contract Documents, the Design Documents and the Construction Documents and the Design and Construction Contract; (c) all applicable Laws; (d) the requirements, terms and conditions set forth in all governmental approvals applicable to the D&C Contractor Work; and (e) the Project management plan and all component parts, plans and documentation prepared thereunder, and all approved updates and amendments thereof. If the Development Agreement requires higher standards, conditions or qualities, the Contractor shall comply with such higher standards, conditions or qualities. If any individual employed by the Contractor is not performing the D&C Contractor Work in a proper, safe and skillful manner, the Contractor must promptly remove such individual and such individual may not be re-employed to work on the Contractor work. The Company and the Contractor will use commercially reasonable efforts to mitigate any delays to the design and construction of the Project, and mitigate damages due to delay in all circumstances, to the extent possible, including by re-sequencing, reallocating, or redeploying its forces to other work, as appropriate.

Technical and Information Requirements for Concessions

Under the Design and Construction Contract, the Contractor is responsible for the construction of the structure, its cladding, its base plant, external works and the provision of utility connections from the main system to the boundary of the applicable Concession that will be made available by the Contractor to the Company for further refurbishment by the Concessionaires. The Contractor is required to deliver the Concessions Space on the Concession Space Readiness Deadline with all of the governmental approvals related to the D&C Contractor Work that are required for each applicable Concessionaire to (i) access the relevant concession and (ii) be entitled to commence finishing and other work therein. The Contractor is required to provide all connections required for utilities for each Concessions Space, based on the type of business to be operated in each Concession and up to a designated “demarcation point”. The Company (or the applicable Concessionaire) will be responsible for all connections required after the demarcation point.

The Contractor is required to deliver to the Company certain information regarding the Concessions Spaces prior to the Concession Space Readiness Deadline, such as drawing, certificates and specifications. The Contractor will also be responsible for the preparation of the submittals related to the D&C Contractor Work. The Contractor and the Company will cooperate and coordinate in the preparation of such design submittals in accordance with the terms of the Design and Construction Contract, but the Company will be responsible for submitting the submittals to the Owner (unless otherwise consented by the Company in writing).

Assumption of Risk and Responsibility

Under the Design and Construction Contract, all risks, costs, and expenses in relation to the performance by the Contractor of its obligations under the Design and Construction Contract are allocated to, and accepted by the Contractor as its entire and exclusive responsibility. All risks, costs, and expenses in relation to the performance by the Company of its obligations under the Design and Construction Contract are allocated to, and accepted by, the Company as its entire and exclusive responsibility. As between the Company and the Contractor, the Contractor is solely responsible for the selection, pricing and performance of all of its subcontractors and other Persons for whom the Contractor is responsible and for the acts, defaults, omissions, breaches and negligence of all of its subcontractors and other Persons for whom it is responsible. As between the Company and the Contractor, the Company is solely responsible for the selection, pricing and performance of all of its subcontractors and other Persons for whom it is responsible, and for the acts, defaults, omissions, breaches and negligence of all of its other subcontractors and other Persons for whom it is responsible. All liens, claims and charges of the Contractor and its subcontractors at any time will not attach to any interest of the Owner in the Project, the work site or the Terminal Improvements.

Pre-Development Agreement; Development Agreement

The Contractor acknowledges that the Company has provided it with a copy of the Pre-Development Agreement and the Development Agreement. The Contractor represents and warrants that it has read and understood the Pre-Development Agreement (including all relevant deliverables provided thereunder), the Development Agreement and all other Contract Documents and is fully aware of the obligations, risks and liabilities assumed by the

Company thereunder as these relate to the Contractor work and, assumed by the Contractor under the Design and Construction Contract.

Cooperation and Mutual Assistance

The Contractor and the Company each undertake to provide to the other, in good faith and in due course, all reasonably necessary support regarding the performance and completion of the Contractor work throughout the term of the Design and Construction Contract; provided that the Contractor and its key personnel are obligated to participate in (i) regular weekly progress meetings between the Owner and the Company, and otherwise with the Company, until all the Contractor work has been accepted if such participation is requested by the Owner or the Company and (ii) meetings between the Company and the Owner or any other third party, to the extent that any of the Company, the Owner or such other third party requests the Contractor's participation, concerning matters pertaining to the Contractor, its work or the coordination of its work with other contractors; provided that all directions and instructions to the Contractor shall be provided by the Company.

To the extent permissible under the Development Agreement, the Company will give the Contractor reasonable advance written notice of, and permit the Contractor to attend and participate in, meetings and discussions that the Company may from time to time have with any third party (including the Owner), that could reasonably be expected to affect, modify or alter the Contractor work or the Contractor's rights or obligations under the Design and Construction Contract, unless the Owner, or such other third party objects to the participation of the Contractor. No change or modification to the Development Agreement relating to the Contractor work and affecting the rights or obligations of the Contractor in respect of the same is to bind the Contractor without its written consent, except as established in the immediately following sentence. The Parties agree that to the extent the Contractor has notified the Company in writing that it will not be able to attend any meeting with the Owner with respect to which it has received written notice, no change or modification to the Development Agreement relating to the Contractor work and affecting the rights or obligations of the Contractor in respect of the same will be effective to bind the Contractor without its written consent unless the Contractor has provided a notice twice relating to a meeting notified by the Company and as to the same subject matter, in which case, on any third meeting as to the same subject matter, the Contractor (notwithstanding its absence) will be bound by all changes and modifications that may be agreed by the Company during such meeting as to that subject matter.

The Company and the Contractor will regularly and promptly keep each other informed of any developments affecting the Contractor work. The Parties will cooperate with each other to facilitate the performance of their respective obligations under the Development Agreement and the Design and Construction Contract. Neither the Company nor the Contractor will perform or fail to perform their respective obligations in such a way as to cause or contribute to cause a default by the other Party under the Design and Construction Contract, the Development Agreement or at Law. The Contractor will further not perform or fail to perform its obligations in such a way as to alter, reduce or affect the rights of the Company under the Development Agreement in any way; provided that the Contractor will not be obligated to perform or fail to perform its obligations under the Design and Construction Contract in a manner which would cause the Contractor to be in breach of its obligations, or result in a waiver of any of its rights, claims or benefits thereunder.

The Contractor will not convene any meeting or discussion with the Owner without the Company's prior written approval.

Back to Back Obligations

The Contractor will assume all cost and expenses arising from the performance of the work under the Design and Construction Contract and, on a back to back basis, comply with all of the Company's obligations and liabilities set forth in the Development Agreement to the extent that they relate to the design and construction work undertaken by the Contractor, the terms of which are incorporated into the Design and Construction Contract for all purposes as if recited verbatim therein.

Contractor's Representations and Warranties

The Contractor makes all reasonable appropriate and customary representations and warranties for the benefit of the Company that are typical for the design-build contracts in the airport industry and those which are required to be made by the Company in the Development Agreement (to the extent they relate to the Design and Construction Contract and the Contractor), including without limitation, due organization, authority and capacity, no violation or conflict, valid and binding obligation, expertise, professional licensing, etc.

Project Right of Entry

The Company will make the project right of entry onto the work site available to the Contractor for the sole purpose of the execution of the D&C Contractor Work. The Contractor will be solely responsible for the expense of ascertaining and obtaining any additional easements or rights of way outside of the project right of entry that are necessary for the work and for the expense of all utility adjustments. The Contractor's right of access will be subject to the same physical conditions, limitations, constraints and special use restrictions as the Company's right of entry is subject to pursuant to the Development Agreement.

Site Conditions

Site Inspection and Investigation

The Contractor assumes all liability associated with the conditions, as applicable, to the Project, the Project site (for construction) and any ancillary sites, including (i) discovery of archeological, paleontological or cultural resources, and (ii) encroachment of the Contractor's activities on real property outside of the Project site.

Risk of Site Conditions

Subject to Contractor's right to obtain relief, as applicable, under Design and Construction Contract (see "— Rights Under the Development Agreement"), the Contractor shall bear the risk of all conditions occurring on, under or about the Project site (for construction) and any ancillary sites on which the Contractor work is performed.

Laws, Permits and Approvals

Compliance with Laws

The Contractor must comply with all applicable Laws and with changes in the Law as introduced from time to time by a governmental entity. The Contractor is not entitled to any extension in the performance of its obligations nor will it be entitled to recover losses or to make a claim otherwise arising out of or in connection with compliance with a change in Law, except to the extent that the Contractor receives from the Owner any compensation to which the Contractor is entitled under the terms of the Design and Construction Contract.

Compliance with Governmental Approvals

Except for governmental approvals required to be obtained by the Owner pursuant to the terms of the Development Agreement, the Contractor will at its own cost and expense obtain on a timely basis, maintain and comply with all required governmental approvals that are necessary for the execution of the Contractor work as required under the Development Agreement, excluding those that the Company is legally entitled to obtain. The Contractor shall cooperate with the Owner and the Company so that such governmental approvals can be obtained, on a timely basis, prior to the commencement of the relevant Contractor work.

Commencement and Completion of the Contractor Work

Commencement

The Contractor must comply with all conditions precedent to the commencement of the early design work. Each of the parties shall comply with its obligations to achieve NTP 1 and NTP 2, including the satisfaction of all

conditions precedent thereto as contemplated in the Development Agreement, no later than 28 days following the Financial Close Date in respect of NTP 1. In addition, solely to the extent that the Owner notifies the Company of conditions and requirements to be complied with respect of advance construction activities, each of the parties shall fulfill such conditions and requirements with the Contractor being allocated all responsibility for all matters related to the Contractor work.

Completion

The Contractor shall complete the Contractor work in such a manner that Concession Space Readiness, Functional Area Readiness of each of the Functional Areas, Project Substantial Completion and Project Final Acceptance are each achieved by the relevant deadlines as set forth in the milestone schedule under the Design and Construction Contract and otherwise in conformity with the Development Agreement subject only to the extensions of time arising from (i) delays caused by events that qualify under the Development Agreement as Delay Events and/or Compensation Events, but only to the extent actually granted to the Company under the Development Agreement by the Owner, or (ii) any delay attributable to any breach of the Company's obligations under the Design and Construction Contract or the Development Agreement (which is not principally attributable to the Contractor or any of its subcontractors or any other person for which it is responsible) or (iii) any other events expressly set forth in the Design and Construction Contract as extending the milestone schedule.

Bonus Payments

Solely to the extent that the Company has actually received such amounts from the Owner, the Contractor is entitled to a bonus payment (to be split equally between the Company and the Contractor), in accordance with the Development Agreement and in connection with the TSA screening area. See Appendix B —“SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT—Payments to the Company—*Bonus Payments*.”

Passing of Risk

The Company is responsible for all damages to such portions of the Project achieving Concession Space Readiness from the earlier to occur of Concession Space Readiness, or in respect of a Functional Area (or other area), from when Functional Area Readiness for such Functional Area (or other area) is achieved, in each case, except to the extent such damage is caused by the Contractor or any Contractor-Related Entity. For any portion of the Project where the Contractor work related to such portion of the Project has not been completed as of such date, with respect to such areas with non-completed work, the Company is responsible for damages only from Project Final Acceptance, except to the extent such damage is caused by the Contractor or any Contractor-Related Entity.

Defects

The Contractor will hold the Company harmless from any demonstrated direct losses which result from any defect or repair work arising prior to or during the guarantee period under the Design and Construction Contract, including, without limitation, any documented net loss of Company Concessions Revenue and any reduction in the Supplemental Payment (which shall nevertheless exclude cost savings and lost profits) directly resulting therefrom. The Company will not be entitled to liquidated damages from the Contractor once Project Substantial Completion has been achieved.

Suspension Rights

Company's Right to Suspend

The Company may at any time and for any reason require the Contractor to suspend performance of the Contractor work or any portion of it by giving prior written notice to the Contractor (a “Company Suspension”). At any time after the effective date of any such Company Suspension, the Company may require the Contractor to resume performance of the work no earlier than 21 business days' prior written notice.

In connection with (I) any suspension which does not result from the failure by the Contractor to comply with safety requirements or any other default of the Contractor under the Design and Construction Contract or (II) the issuance of a suspension order from the Owner for any cause under the Development Agreement (which does not result from a breach by the Contractor of its obligations under the Design and Construction Contract), the Company shall provide to the Contractor the following remedies:

- (i) at the Company's discretion, either (x) pay to the Contractor any and all amounts reasonably required by the Contractor in respect of the acceleration of the work in order to overcome the suspension period and meet the date for baseline Functional Area Readiness and Project Substantial Completion set forth in the Design and Construction Contract work milestone schedule, if such acceleration is feasible as determined by the Contractor, or (y) grant to the Contractor an extension to the work milestone schedule on a day for day basis, plus, such reasonable additional period as may be necessary to account for the effects of the suspension, provided, however, that the Contractor shall be obligated to pay liquidated damages for each day that the Contractor misses the new baseline date for Functional Area Readiness and Project Substantial Completion, including as a result of a suspension by the Company; and
- (ii) pay to the Contractor all monies due to the Contractor for the work performed prior to the period of suspension without regard to the suspension, and pay to the Contractor all reasonable documented costs incurred by the Contractor and directly attributable to the suspension, including costs for the purpose of preserving, maintaining, safeguarding and/or storing the work, as well as for standby and rescheduling of personnel, subcontractors, suppliers, and equipment as well as materials obtained for the purpose of the work, and for reasonable costs of demobilization and remobilization.

Except in connection with the circumstances set out in (I) and (II) of the foregoing paragraph, the aggregate number of days of suspension shall not exceed 105 consecutive days or 150 days in the aggregate unless, prior to the expiration thereof, the Company and the Contractor mutually agree upon terms to extend such maximum period of suspension, including the amount and terms of any additional payments to be made to the Contractor for such extension.

Contractor's Right to Suspend

Subject to the provisions of any required notices to the Owner of Company's breach or default under the Design and Construction Contract (as contemplated in the Development Agreement), the Contractor shall be entitled to suspend performance of all or part of the work in the event that the Company fails to make a payment required to be made, which is not subject to a good faith denial or a dispute initiated or undertaken pursuant to and in accordance with the terms of the Design and Construction Contract, provided that such payment failure continues for more than 50 days following the applicable payment due date or following the date that any such good faith denial or dispute was resolved (a "**Contractor Suspension**").

If the Contractor exercises any such right of Contractor Suspension the Company shall pay to the Contractor, without exception and without limitation, any and all reasonable documented standby costs incurred by the Contractor and directly attributable to the suspension including any costs (i) for the purpose of preserving, maintaining, safeguarding and/or storing the work, (ii) for the rescheduling of subcontractors and suppliers, (iii) for standby of personnel, subcontractors, and equipment as well as materials obtained for the purpose of the work and (iv) for reasonable costs of demobilization and remobilization.

The Contractor shall be required to reinstate work within 21 business days following the cure of any such non-payment (whether by payment or exercise of any set-off rights).

General Obligations of the Contractor

Environment

The Contractor shall take all environmental mitigation measures inherent in or necessary to perform the work and assume all environmental risks, liabilities and related costs and expenses of the Company under the Development

Agreement but specifically excluding: (i) those environmental liabilities assumed by the Owner under the Development Agreement; (ii) any environmental measures that relate to and arise from the operation, management or maintenance of the Project site and ancillary sites by the Company or its subcontractors; (iii) those environmental measures, costs and liabilities that occur following Concession Space Readiness, Project Substantial Completion or Project Final Acceptance; provided that the Contractor shall indemnify the Company as to any environmental liabilities that are attributable to (A) the violation of applicable Law, the Design and Construction Contract, the Development Agreement or a governmental approval by the Contractor, its agents, employees or subcontractors in connection with the work or (B) the presence of any Contractor generated contaminated materials in connection with the work in the Project site, any additional area utilized in the performance of the work, or any adjoining property; and (iv) those environmental measures, costs and liabilities arising from the excluded work or the acts or omissions of the Company or the Company's other contractors or persons for whom it is responsible. During and in connection with the performance of the work, the Contractor shall perform or cause to be performed all environmental mitigation measures required under the governmental approvals.

The Contractor shall during the course of the performance of the work, manage, treat, handle, store, remediate and remove all contaminated materials as necessary and in accordance with the environmental management plan (which shall be the Contractor's responsibility to develop and prepare) and all applicable provisions of the Development Agreement, and as required by and in accordance with all applicable Laws (including the environmental Laws), all environmental commitments or requirements and all governmental approvals.

Terminal Management

The Contractor is required to use commercially reasonable efforts to mitigate any adverse impact that the performance of the work may cause to the operation the terminal in accordance with the Development Agreement, and to the Company's ability to fulfill its obligations under the Development Agreement.

Books and Records

The Contractor is required to (a) maintain usual and customary books and records for the type and scope of operations of business in which it is engaged; (b) permit audit and access (by the Company, its representatives and advisors, providers of financing to the Company or any of its representatives or advisors and the Owner) to the Project site and any ancillary sites with respect to the work; (c) provide progress reports to the Company of the work sufficient to enable the Company to provide the reports and any other information related to the work as required under the terms of the Development Agreement in a timely manner or as required to provide the monthly construction progress reports as described in the Loan Agreement; (d) subject to reasonable prior written notice, and provided that such audit is conducted in accordance with Contractor's safety procedures and manuals and in a manner that does not unreasonably interfere with the normal construction activity of the work, permit audit and access to the Project site with respect to the quality management plan; (e) provide the Company with the concession information package; and (f) coordinate and cooperate with the Owner in accordance with the Development Agreement.

Compensation

Contract Price

The lump sum fixed price for the performance of the work is \$650,000,000 (the "Contract Price"). Except as otherwise provided in the Design and Construction Contract, the Contract Price shall not be subject to adjustment or escalation, including for any tax liabilities.

Advanced Payment

At the election of the Contractor, and in lieu of the mobilization payment, the Company shall pay the Contractor within 20 days following the date of the issuance of Financial Close, an advance payment equal to 10% of the Contract Price (excluding the Design Amount) to the extent that simultaneously with such payment the Contractor makes available the Advance Payment Security. The advance payment security will include one or more payment bonds or letters of credit issued by a surety or commercial bank or trust company, as applicable, reasonably acceptable

to the Company, and in the case of a letter of credit, substantially in the form set forth in the Design and Construction Contract. The Advance Payment Security is required to (a) be in an amount equal to the full amount of the advance payment being made, (b) name of the Company as beneficiary, (c) be payable in accordance with its terms and (d) be delivered by the Contractor to the Company on or prior to the date on which the advance payment is required to be made by the Company to the Contractor. All Advance Payment Security will be reduced (on a dollar-for-dollar basis), at the sole cost of the Contractor, as the advance payment is amortized in accordance with the Contract.

Design Amount

The Contract Price includes the Design Amount, a component attributable to the design work in the amount of 8% of the Contract Price. The Company is required to pay to the Contractor, within 20 days of the Financial Close, the Design Amount Advance Payment equal to 30% of such Design Amount less the proceeds of any early design work payment paid to the Contractor on or prior to the Financial Close Date, subject to the submission by the Contractor of an invoice at least five days prior to such payment date. To the extent that the early design work payments exceed the Design Amount Advance Payment, such excess shall be deducted from the monthly installments contemplated below in the order of payment of such installments.

The Contractor is entitled to payments on account of the early design work which shall be in accordance with the early design work schedule of values in the Design and Construction Contract.

An amount equal to 50% of the Design Amount will be paid in nine monthly equal installments, starting with the immediately succeeding calendar month following the date on which the Design Amount Advance Payment is made and will be payable by the Owner on the 10th day of each month, subject to the submission by the Contractor of an invoice at least five days prior to the payment date (the “**Design Amount FC Payment**”). Nevertheless, any and all amounts due regarding the Design Amount FC Payment must be withheld by the Company until the occurrence of the NTP 2. Upon issuance of the NTP 2, the Company is required to pay the Contractor on the succeeding calendar month following NTP 2, the amount of the Design Amount FC Payment accrued but not paid after the Financial Close Date up to that date. The remaining 20% of the Design Amount will be payable promptly upon approval by the Owner of the final design.

Mobilization Payment

At the election of the Contractor, the Company shall pay to the Contractor, in lieu of the advance payment, a mobilization payment equal to and payable as follows (percentages are in reference to the Contract Price, excluding therefrom the Design Amount):

- (a) 4%, on the date of the occurrence of Financial Close;
- (b) 2%, after the occurrence of Financial Close upon the Contractor (i) providing a contract or evidence of an agreement of supply with suppliers for an amount in excess of one third of the total budget for a material that is one of the following materials: steel, elevator, escalators, mechanical or electrical equipment or any other budget relevant material, or (ii) securing this payment on terms similar to the Advance Payment Security;
- (c) 2%, after the occurrence of Financial Close upon the Contractor (i) providing a contract or evidence of an agreement of supply with suppliers for an amount in excess of one third of the total budget for a material that is one of the following materials and that is not the same material used to receive the payment covered by (b) above: steel, elevator, escalators, mechanical or electrical equipment or any other budget relevant material, or (ii) securing this payment on terms similar to the Advance Payment Security; and
- (d) 2%, after the occurrence of Financial Close to the extent that the Company shall have received on or prior to such date security on terms similar to the Advance Payment Security in an amount corresponding to the amount of such payment.

Any and all security received in accordance with the above will be reduced (on a dollar-for-dollar basis), at the sole cost of the Contractor, as the mobilization payment is amortized in accordance with the terms of the Design and Construction Contract.

Payment Schedule

Payments made to the Contractor with respect to the work shall be passed on the percentage of work actually performed, subject to a maximum payment curve. No payments will be made to the Contractor by the Company prior to the Financial Close Date. The Contractor is required to submit a payment request to the Company by the fifth day of each month in the amount (a) corresponding to the actual construction work performed during the preceding month less any amortization of the advance payment or the mobilization payment, as applicable, (with either the advance payment or the mobilization payment being amortized at a rate equal to the percentage represented by the amounts related to the construction work subject to the payment request (prior to giving effect to any amortization of either the advance payment or the mobilization payment, as applicable) as compared to the Contract Price (excluding the design amount)) and (b) with a second component of the payments corresponding to the design work. The Contractor shall provide the information and documentation contemplated to be provided under the Development Agreement in respect of any payment request or invoice submittals and, to the extent that the Owner requests any initial or follow-up information in respect of any payment request, the Contractor shall provide such information to the Company for provision on to the Owner.

Within 30 days (or any shorter time period that would be required in accordance with the provisions of Sections 24-91-103 of the Colorado Revised Statutes) the Company shall provide a written notice to the Contractor stating if the payment request has been approved (in whole or in part) or not approved with the reasons for denying any part or all of the payment request. Each payment notice shall always be subject, as applicable, to the review and approval of the technical advisor of the Lenders.

The Company may withhold from any payment due to the Contractor amounts which are objectively reasonably necessary to protect it from liability or loss because of reasons which include, identified defects and deficiencies in the work, overpayments made by the Company, any dispute over the accuracy of a payment request.

Additionally, to the extent the Company receives additional allowance amounts pursuant to the Development Agreement, the Company shall remit such funds to the Contractor.

The Company will be obligated to pay the Contractor for work satisfactorily completed in accordance with the requirements of the Design and Construction Contract regardless of whether the Owner delivers an equivalent payment to the Company under the Development Agreement.

Rights Under the Development Agreement

Compensation Payment

In the event that it has been determined by the Owner that a Compensation Event has occurred with respect to or relating to the Contractor work and the Contractor has incurred losses in respect of such Compensation Event (as the same relate to the Design and Construction Contract), the Contractor shall be entitled to the same compensation, if any, as provided to the Company in accordance with the terms of the Development Agreement, solely to the extent of and for such losses; and, if and to the extent that the Owner has paid compensation to the Company. Payment for a Compensation Event is due to the Contractor within 30 days of the Company's receipt of such payment from the Owner (or such shorter time period as may be required by applicable law). Any and all overdue payments in respect of a Compensation Event will be paid with interest at the default rate set forth in the Development Agreement.

In the event that the Owner decides to compensate the Company for any Compensation Event with non-cash compensation that cannot be directly assigned to the Contractor, the Company shall use reasonable efforts to convert such non-cash compensation into cash and to the extent of such conversion shall promptly pay to the Contractor such cash so that the Contractor receives an amount of compensation equivalent to the value of the compensation granted to the Company relating to such losses, but not to exceed the losses suffered by the Contractor, as determined by the Owner.

Extension of Time

In the event it has been agreed or determined by the Owner that a Compensation Event or a Delay Event has delayed or interrupted the Company (and pursuant to the terms hereof, the Contractor) from performing its obligation with respect to the Contractor work, then the Contractor shall be excused from performance pursuant to the Development Agreement and shall be entitled to the same schedule related relief, if any, as provided to the Company under the Development Agreement and the relevant completion dates on the work milestone schedule (to the extent applicable) shall be revised accordingly; provided, however, that to the extent that after giving effect to all prior extensions, the new completion dates shall be beyond either the Baseline Functional Area Readiness Dates or the Baseline Project Substantial Completion Date in place at such time, and no Compensation Event shall have occurred, the Contractor shall not be entitled to any delays or schedule relief and no modification to the Contract Price. Notwithstanding anything to the contrary in the Design and Construction Contract, in the event that the Long Stop Date under the Development Agreement is extended under the Development Agreement as a result of a Delay Event as contemplated in the preceding sentence, then, in such event, the long stop date for the D&C Contractor Work shall be commensurately extended.

For the avoidance of doubt, it is understood and agreed that the preceding sentence shall not impair the right of the Company to, or otherwise affect the obligation of the Contractor to pay, the following damages: the amount necessary so that the Equity IRR specified in the Company's financial model at Financial Close (post SPV tax and post shareholder tax) is not altered taking into account any circumstances affecting the Equity IRR due to such delay, keeping, ceteris paribus, the rest of the financial parameters guideline to the Company. Such damages shall not exceed, together with the amount of liquidated damages paid by the Contractor pursuant under the Design and Construction Contract, an amount equal to 15% of the Contract Price. The Contractor shall not be entitled to extension of time or schedule relief in connection with any Company TSA handover delay.

Limitation

The Contractor shall in no event be entitled to any benefit from a Delay Event or Compensation Event (i) that exceeds the recovery actually obtained by the Company from the Owner pursuant to the Development Agreement or (ii) that is otherwise not in respect of any obligation or right of the Contractor under the Design and Construction Contract.

Rights Under the Development Agreement

Other than as contemplated in the Design and Construction Contract, to the same extent that the Company is entitled to any rights and remedies relating to the D&C Contractor Work against the Owner under the Development Agreement, the Contractor in turn is entitled to the same rights and remedies relating to the Contractor work under the Design and Construction Contract to the extent the Contractor shall have suffered any losses or delays in respect of the same. An example of where the Contractor is not entitled to equivalent relief, is where due to a Delay Event, after giving effect to all prior extensions, the new completion dates are beyond either the Baseline Functional Area Readiness Dates or the Baseline Project Substantial Completion Date in place at such time, and no Compensation Event occurred, the Contractor is not be entitled to any delays or schedule relief and no modification to the Contract Price. Upon the Contractor's timely written demand, the Company shall with all due diligence exercise and enforce (for the Contractor's benefit) its rights and remedies under the Development Agreement that relate directly or indirectly to the Contractor's rights and obligations with respect to the Contractor work. Claims or actions of the Contractor will be reasonably grounded on legal, technical and economic terms, on rights and obligations of the Contractor assumed in the Design and Construction Contract and/or the Development Agreement and/or applicable Law. Under no circumstances shall the Company be obligated to commence legal proceedings against the Owner or any third party to the extent that there is no reasonable legal basis for such a claim. The Company shall have the right not to exercise any right to compensation under the Development Agreement; provided that the Company shall pay such claims of the Contractor in full for which the Contractor provided a reasonable legal basis.

Environmental Indemnity

In the event that (a) the Company is entitled to any rights and remedies against the Owner for pre-existing contaminated materials or contaminated materials generated by a third party pursuant to the Comprehensive

Agreement and (b) the Contractor has incurred or will incur losses in respect of such contaminated materials, the Company, to the fullest extent possible, will be required to duly pursue any right and remedy that it has under the Development Agreement in order to provide the Contractor with the benefits of such rights and remedies.

Changes

All adjustments provided in the Design and Construction Contract for variations, changes and/or modifications to the Contract Price, the work milestone schedule or the D&C Contractor Work shall be evidenced by a written change order signed by the Contractor and the Company, as applicable.

Owner Required Changes

In the event that the Owner requires an Owner change in accordance with or pursuant to the Development Agreement in a manner that modifies the Contractor's obligations under the Design and Construction Contract and which changes are of a compulsory nature for the Company under the Development Agreement, then the Contractor shall be obligated to execute a change order and perform the work as modified.

The amount payable by the Company to the Contractor in connection with such compulsory modifications to the work shall in no event exceed the amount paid by the Owner in connection with the same and shall not, to the extent that the amount payable by the Owner includes as a component thereof compensation for loss of Concessions Revenue and any other revenues to which the Company is entitled under the Development Agreement or any amount in respect of any reduction, diminution, deduction or delay of any Supplemental Payment or earning of Concessions Revenue, include any amounts in respect of such loss.

The Company shall exercise any rights provided to the Company under the Development Agreement with respect to challenging such change (to the extent that the Contractor has provided reasonable legal, technical and economical basis for the assertion of such rights or claims). Under no circumstances shall the Company be obligated to assert any rights or claims against the Owner or any third party to the extent that there is absolutely no legal basis for the assertion of such rights or claims.

Changes by the Company

In the event that the Company wishes to (i) vary all or any part of the work scope, terms or conditions, or (ii) carry out additional works not included in the Design and Construction Contract, the Company shall notify the Contractor and the parties shall discuss all implications of the proposed change (including the resulting time extensions and the compensation payable to the Contractor (if any)). The Company shall issue a change order to the Contractor, which will specify the terms of agreement which may include, among other things, the work to be carried out in connection with the change, the adjustment to the Contract Price (if any), the extension of time (if any), and any other detail relevant to the variation to be introduced, and the Contractor shall perform the requested work and variation proposed by the Company. Should the parties fail to reach an agreement on any change under (i) above, such change shall not be implemented. Should the disagreement refer to any change under (ii) of the first sentence of this paragraph, the Company shall be entitled to subcontract the execution of such additional works with a third party. In this case the Contractor will cooperate with such a third party to avoid any disruptions in the performance of the Contractor work. The Company is not entitled to direct (without the Contractor's agreement) any change order for a Company required change.

Changes by the Contractor

Any change proposed by the Contractor shall be considered in good faith by Company and is subject to the consent of the Company in its reasonable discretion. Any change not accepted by the Company shall not be implemented.

Performance Security

D&C Performance Security

Prior to the commencement of any D&C Contractor Work and as a condition to the commencement of the design work and the Owner's issuance of NTP 1, the Contractor is obligated to deliver to the Company the following items as security for the faithful and timely performance of the D&C Contractor Work and its other obligations under the Design and Construction Contract: (a) a performance bond in the amount of 50% of the Contract Price; and (b) a payment bond in the amount of 50% of the Contract Price. The performance bond and payment bond shall comply with all requirements of the Design and Construction Contract and may each be provided in multiple forms that, in the aggregate, equal the respective required amount of the performance bond and payment bond. The performance bond and payment bond will provide that they may be transferred by the Company to the Owner, as beneficiary, with rights to draw upon or exercise other remedies thereunder if the Owner succeeds to the position of the Company under the Design and Construction Contract.

Release of D&C Performance Security

The performance bond and payment bond shall be released to the extent permitted under the Development Agreement at the end of the guarantee period, at the sole expense of the Contractor.

Contractor Work Guarantee

As of the date of execution of the Design and Construction Contract, the Contractor provided an affiliate company guaranty, in the form, scope and substance agreed in the Design and Construction Contract, from Ferrovia US Construction Corp., whereby it guaranteed all of the obligations of the Contractor under the Design and Construction Contract.

Liquidated Damages

TSA Screening Area Direct Cost Payments

To the extent that the Company is obligated to pay direct costs regarding the TSA screening area to the Owner under the Development Agreement, the Contractor shall be obligated to pay or reimburse, as the case may be, to the Company such amounts.

Additional Damages

The Contractor shall pay the Company with respect to the Contractor work for which: (a) Phase 1 of Functional Area Readiness (including, for the avoidance of doubt, a failure to obtain governmental approvals not obtained as of Concession Space Readiness) has not been achieved by the relevant deadline therefor set forth in the work milestone schedule for such Contractor work (or such later date as agreed upon in writing by the parties or as amended pursuant to the Design and Construction Contract), the amount of \$53,500 per day of delay in respect of such deadline, (b) Phase 2 of Functional Area Readiness (including, for the avoidance of doubt, a failure to obtain governmental approvals not obtained as of Concession Space Readiness) has not been achieved by the relevant deadline therefor set forth in the work milestone schedule for such Contractor work (or such later date as agreed upon in writing by the parties or as amended pursuant to the Design and Construction Contract), the amount of \$6,100 per day of delay in respect of such deadline (plus any amounts that may be due pursuant to (a) above), (c) Phase 3 of Functional Area Readiness (including, for the avoidance of doubt, a failure to obtain governmental approvals not obtained as of Concession Space Readiness) has not been achieved by the relevant deadline therefor set forth in the work milestone schedule for such Contractor work (or such later date as agreed upon in writing by the parties or as amended pursuant to the Design and Construction Contract), the amount of \$17,700 per day of delay in respect of such deadline (plus any amounts that may be due pursuant to (a) and (b) above) and (d) Project Substantial Completion has not been achieved as of the relevant deadline therefor set forth in the work milestone schedule for such Contractor work (or such later date as agreed upon in writing by the parties or as amended pursuant to the Design and Construction Contract), the amount of \$156,300 per day of delay (plus any amounts that may be due pursuant to (a)-(c) above).

Payments by the Contractor shall constitute liquidated damages for delays and combined with payments by Contractor for other damages, shall be, in the aggregate, limited to a maximum amount equal to 15% of the contract price.

Defects Liability Period

Guarantee for Design and Construction Contractor Work

The Contractor guarantees that the work, including all materials and equipment furnished as part thereof, shall be complete and conform to the Design and Construction Contract, the Development Agreement, the other Contract Documents and good industry practice, be new (unless otherwise specified in the Technical Requirements or elsewhere in the Design and Construction Contract and/or the Development Agreement), of good quality and free of defects in materials and workmanship; and be of a quality and durability consistent with good industry practice be free from any and all defects, errors and omissions in design, engineering, construction, workmanship and any other aspect within the responsibility of the Contractor.

Guarantee Period

The Contractor work defects liability period shall be as specified in the Development Agreement and the Technical Requirements or, if not specified, a period of not less than one (1) year from (A) Concession Space Readiness for an area achieving the same, (B) in respect of a Functional Area (or other area), Functional Area Readiness of the same and (C) in respect of all other Contractor work, the earlier of (i) the Baseline Project Substantial Completion Date or (ii) with respect to the Project punch list items or any other work not otherwise completed as of Project Substantial Completion, from the Project Final Acceptance Date. During the guarantee period, the Contractor shall, at its own expense and in a timely manner, rectify and make good or cause to be rectified and made good any defect or deficiency; provided that a claim with respect thereto is made by the Company in writing to the Contractor within the applicable period.

Upon expiration of the applicable guarantee period, the Contractor shall have no further liability or other obligations to the Company as to any claims for defects.

Indemnification

The Contractor shall indemnify the indemnified parties and the Company for any losses that result directly from the remediation or rectification of any defects by the Contractor during the guarantee period.

Insurance

Subject to the principles, terms and conditions set forth in the Design and Construction Contract, the Contractor is required to procure its own insurance with respect to the work in accordance with good industry practice and as required by the Development Agreement.

Indemnity

Indemnity by the Contractor

Subject to any limitations specified in the Design and Construction Contract, the Contractor shall defend, indemnify and hold harmless the indemnified parties under the Development Agreement, the Company and its officers, employees, agents, representatives, successors and assigns from and against all losses incurred by the Company to the extent arising directly or indirectly out of or in connection with (i) the Contractor's breach of its obligations under the Design and Construction Contract or (ii) the negligent acts or omissions of the Contractor or its subcontractors performing any of the Contractor work, their respective employees, or anyone for whose acts the Contractor may be liable in connection with the Contractor work (in contract or at law).

The Contractor has no obligation to defend, indemnify or hold harmless the Company with respect to losses that arise or are alleged to arise from a breach by the Company of any of its obligations under the D& Contract (or its subcontractors or any other person for which it is responsible (at law or by contract)) or a breach by the Company of its obligations under the Development Agreement that is not the result of the acts or omissions of the Contractor (or its subcontractors or any other person for which it is responsible (at law or by contract)) in breach of the Design and Construction Contract.

Indemnity by the Company

Subject to any limitations specified in the Design and Construction Contract, the Company shall defend, indemnify and hold harmless the Contractor and its officers, employees, agents, representatives, successors and assigns, from and against all losses to the extent arising directly or indirectly out of or in connection with or as a result of (i) the Company's breach of its obligations under the Design and Construction Contract or under the Development Agreement or (ii) the negligent acts or omissions of the Company or its subcontractors performing any obligations of the Design and Construction Contract or the Development Agreement, their respective employees or anyone for whose acts the Company may be liable in connection with the Design and Construction Contract or at Law.

The Company has no obligation hereunder to defend, indemnify or hold harmless the Contractor with respect to Losses that arise or are alleged to arise from a breach by the Contractor of any of its obligations under the Design and Construction Contract (or its subcontractors or any other Person for which it is responsible (at law or by contract)) that are not the result of acts or omissions of the Company (or its subcontractors or any other Person for which it is responsible (at law or by contract)) in breach of the Design and Construction Contract.

Limitation on Liability

Except for the payment of liquidated damages or as otherwise expressly provided in the Design and Construction Contract or for any party's fraud, willful misconduct and gross negligence, neither party (which includes their respective employees and subcontractors) shall in any event be liable to the other party for consequential, incidental, punitive or exemplary damages, loss of profits, or like damages, whether or not foreseeable and irrespective of whether such claims are based upon contract, warranty, negligence or otherwise. Under no circumstances shall the Contractor or the Company be liable to each other on account of any loss of business, revenues, profits or reputation, except as otherwise provided for in the Design and Construction Contract; provided that any damages or payments actually made by any party to a third party for which an indemnity or payment is required to be paid under the Design and Construction Contract by the other party shall not be deemed to be consequential, incidental, loss of profits or like damages to the extent so paid by such party.

Notwithstanding anything in the Design and Construction Contract to the contrary, the maximum aggregate liability of the Contractor to the Company pursuant to the Design and Construction Contract shall in no event exceed 35% of the Contract Price. The limitations shall exclude the Contractor's liability for (i) liquidated damages payable to the Owner for TSA screening area handover delays, (ii) the Contractor's fraud, willful misconduct and gross negligence and (iii) amounts received from insurance.

Termination

Owner Termination for Convenience

If the Owner elects to terminate the Development Agreement for convenience pursuant to the terms thereof, the Company shall be entitled to terminate the Design and Construction Contract by written notice to the Contractor specifying the election to terminate and its effective date. The Contractor shall be entitled to compensation from the Company including, among other things: (a) compensation for D&C Contractor Work already performed by the Contractor pursuant to the Design and Construction Contract for which it has not yet been compensated, (b) amounts incurred by the Contractor for goods ordered or subcontracts placed that cannot be cancelled without incurring losses, (c) demobilization costs and (d) expenditures incurred in anticipation of the provision of services or the completion of work in the future; provided that the Company shall only be required to pay the Contractor any of such amounts to

the extent that the Company shall have actually received such amounts from the Owner and without liability of the Company for the Contractor's lost profits or lost opportunity in any case.

Owner Termination for Company or Contractor Default

The Design and Construction Contract shall terminate, with immediate effect, upon any termination by the Owner contemplated below.

If the Owner terminates the Development Agreement prior to Project Final Acceptance as a result of a Company Event of Default (which is not principally attributable to the Contractor or any of its subcontractors or any other person for which it is responsible (in contract or at law)), the Company shall compensate and hold the Contractor completely harmless for any losses or claims incurred by the Contractor as a result of such termination, which shall in no event include consequential, incidental, punitive or exemplary damages, loss of profits or like damages. The Contractor will be entitled to compensation to the extent the Losses are incurred under arrangements and/or agreements that are consistent with terms that have been entered into in the ordinary course of business and on an arm's length basis, and to the extent such Losses are incurred in connection with the Project and in respect of the work.

If the Owner terminates the Development Agreement prior to Project Final Acceptance as a result of a Company Event of Default (for a reason principally attributable to the Contractor or any of its subcontractors or any other person for which it is responsible (in contract or at law)), the Contractor shall compensate the Company for any losses incurred by the Company as a result of such termination, which shall in no event include consequential, incidental, punitive or exemplary damages, loss of profits or like damages, but which shall include any equity invested in the Company and any amounts required to be paid by the Company to any financing party in respect of the financing of the Project and which is due and payable as a result of such termination.

In the event that the Owner terminates the Development Agreement prior to Project Final Acceptance as a result of a persistent Company noncompliance, and the occurrence of such persistent Company noncompliance is a result of the assessment of noncompliance points or breaches or failure to perform under the Development Agreement resulting from, in whole or in part, actions or omissions of the Contractor and the Company or any breach of their obligations hereunder, each party shall compensate the other party for any of the losses contemplated in the immediately preceding sentence to the extent of its proportionate share of the noncompliance points or breaches or failures to perform giving rise to such persistent developer noncompliance (the portion of such noncompliance points or breaches or failure to perform assessed or maintained as a result of the action, omission or breach noted in this sentence).

Termination for Owner Default or Extended Relief Event; Termination by a Court Ruling

If the Development Agreement terminates for Owner default, extended relief event or by a court ruling, the Company shall be entitled to terminate the Design and Construction Contract by written notice to the Contractor with immediate effect, and the Contractor shall be entitled to compensation from the Company to the same extent and subject to the same limitations as for an Owner termination for convenience.

Termination by the Company

The Company may terminate the Design and Construction Contract for any of the following reasons:

- (i) Failure by the Contractor to satisfy the work contemplated in respect of the applicable conditions of NTP 1 within 30 days of the Financial Close Date;
- (ii) failure by the Contractor to begin the applicable work within 10 days following the issuance of NTP 1;
- (iii) except as expressly permitted by the Development Agreement, the Contractor discontinues the prosecution of the work for a continuous period of 20 days or fails to resume discontinued work, within 30 days after the Company notifies the Contractor to do so;

- (iv) failure to perform the work or any portion thereof in accordance with the Design and Construction Contract in any material respect, including conforming to applicable Technical Requirements; provided that a failure by the Contractor to perform any obligation for which noncompliance points are assigned or the accrual of a noncompliance instance will not constitute a Contractor default;
- (v) failure by the Contractor to comply with all applicable governmental approvals and Laws in any material respect in connection with the work;
- (vi) failure by the Contractor in any material respect to make an undisputed payment to the Company when due;
- (vii) express repudiation (refusal to perform any of its obligations) by the Contractor of the Design and Construction Contract;
- (viii) use of the Project or a material portion thereof by the Contractor or any Contractor-Related Entity in violation of, or not otherwise contemplated by the Development Agreement, the Design and Construction Contract, governmental approvals, or laws;
- (ix) the Contractor fails to obtain, provide and maintain the insurance pursuant to the Design and Construction Contract (except to the extent permitted under the Development Agreement), bonds, guarantees, letters of credit or other performance security as and when required for the benefit of relevant parties or fails to comply with any requirement of the Development Agreement or the Design and Construction Contract pertaining to the amount, qualification, terms or coverage of the same;
- (x) the Contractor makes or attempts to make or suffers a voluntary or involuntary assignment or transfer of all or any portion of the Design and Construction Contract in violation thereof;
- (xi) any representations or warranty made by Contractor, any guaranty or any certificate, schedule, report or instrument or other document delivered to the Company pursuant to the Design and Construction Contract is false in any material respect or materially misleading or inaccurate in any material respect when made or omits material information when made necessary to include so as not to make such disclosure misleading;
- (xii) the Contractor materially fails to timely observe or perform or cause to be observed or performed any other material covenant, agreement, obligation, term or condition required to be observed or performed by the Contractor, provided that: (a) such actions shall not be considered a Contractor event of default if they are the direct result of the Owner's breach of its obligation to make payments to Company; and (b) a failure by the Contractor to perform any obligation for which noncompliance points are assigned or a noncompliance instance accrues pursuant to the Development Agreement will not constitute a Contractor event of default;
- (xiii) a Contractor act of bankruptcy has occurred and none of its shareholders or members is capable to assume and does assume the Contractor's obligations under the Design and Construction Contract in a legally valid and binding manner;
- (xiv) failure to comply with the Owner's written suspension of work and/or project right of entry order issued in accordance with the Development Agreement within the time reasonably allowed in such order;
- (xv) (A) failure to commence the construction work by the construction commencement deadline; or (B) achieve Project Substantial Completion by the Project Substantial Completion Long Stop Date or (C) the Contractor shall fail to comply with any material element of its recovery plan following notice from the Company;
- (xvi) the Contractor fails to comply with the requirements of the Open Records Act as set forth in the Development Agreement;
- (xvii) the Contractor, or any of its respective partners, members, officers, directors, responsible managing officers, or responsible managing employees, has been convicted in a court of competent jurisdiction of any charge of fraud, bribery, collusion, conspiracy, or any other act in violation of any state or federal antitrust law in connection with the bidding upon, award of, or performance of, any public

works contract, as defined in Section 24-91-103.5 of the Colorado Revised Statutes, with any public entity, as defined in Section 24-91-102 of the Colorado Revised Statutes;

- (xviii) the Contractor violates the terms provided in the certification ordinance as set forth in the Development Agreement;
- (xix) a persistent Company breach (as described above in Appendix B “SUMMARY OF CERTAIN PROVISIONS OF THE DEVELOPMENT AGREEMENT”) attributable to Contractor’s breach under the Design and Construction Contract, provided, that the Company shall have provided to Contractor, promptly upon receipt, any notice from the Owner pursuant to the Development Agreement related thereto;
- (xx) the Development Agreement has been terminated in accordance with its terms;
- (xxi) a failure by the Contractor to maintain the financial security arrangements (including the D&C performance security, to the extent applicable) required by the Design and Construction Contract; or
- (xxii) without cause, for any reason whatsoever, by giving a written notice to the Contractor at least 60 days prior to the anticipated termination date.

Upon the occurrence of any such Contractor event of default, the Company shall, without prejudice to any other rights it may have herein, be entitled to terminate the Design and Construction Contract by written notice to the Contractor with immediate effect, except in the following cases where the following cure periods shall be applicable, (it being understood and agreed by the Parties that such cure periods shall commence after the Company delivers to the Contractor written notice of such Contractor event of default; provided that whenever the Owner has provided to the Company a notice of Company Event of Default under the Development Agreement in respect of a Contractor event of default, the relevant cure period shall not commence until the Company shall have provided the Contractor with notice thereof):

- in respect of (iii), (viii), (ix), (x), (xiv), (xvii) and (xxi) a period equal to 50% (if any) of the cure period granted by the Owner to the Company;
- in respect of a (i), (ii), (iv), (v), (vi), (vii), (xi), (xii), (xiv), (xv)(A), (xvi) and (xviii), a period equal to 90% (if any) of the cure period granted by the Owner to the Company;
- in respect (xv)(B), the period up to the date that is four months prior to the Project Substantial Completion Long Stop Date;
- in respect of (x), (xiii), (xv)(C), (xix) and (xx) there is no cure period.

In the event that the Company terminates the Design and Construction Contract pursuant to the occurrence and continuance of a Contractor event of default, the Company shall be entitled (subject to the limitations agreed under the Design and Construction Contract) to any losses or claims incurred as a result of such termination (including costs incurred to replace the Contractor and complete on an arms’ length basis, taking into account the then existing circumstances of, the work including, without limitation, any amounts in excess of the Contract Price that would be required to be paid to such new contractor to complete the work as contemplated in the Design and Construction Contract), which shall in no event include consequential, incidental, punitive or exemplary damages, loss of profits or like damages but which shall include any equity invested in the Company. The Company shall pay to the Contractor any amounts due and payable to the Contractor for work that has been carried out prior to the date of such termination. The Company must use commercially reasonable efforts to mitigate any losses it may incur as a result of any such termination.

None of the cure periods allocated to the Contractor will exceed the cure period corresponding to the Company under the Development Agreement.

In the event that the Company shall have terminated the Design and Construction Contract because the Development Agreement has been terminated the Company shall pay, without duplication, to the Contractor compensation for: (i) Work already performed by the Contractor pursuant to the Design and Construction Contract, as of the date of such termination, for which it has not yet been compensated hereunder; (ii) for amounts incurred by the Contractor for materials, equipment (leased or purchased) and supplies procured for the sole purpose of performing its obligations in connection with the work as of the date of termination (it being understood and agreed that to the extent that the Company shall have paid the Contractor for the purchase price of any materials, equipment and supplies purchased in accordance with the terms hereof, concurrently with such payment, the Contractor shall transfer title of such materials, equipment and supplies to the Company) in each case that cannot be cancelled without such amounts being incurred; (iii) for costs incurred or to be incurred by the Contractor in relation to the termination of existing contractual commitments entered into by the Contractor and related to the performance of the work in good faith; (iv) demobilization costs; and (v) an amount equal to 12% of the portion of the Contract Price that is attributable to the work that has not yet been performed under the Design and Construction Contract and for which the Contractor shall not have received any compensation.

Recovery Plan

If, at any time during the performance of the work, the Contractor is delayed in its adherence to the critical path progress of the work such that any material completion date set forth in the work milestone schedule is reasonably (in the Company's sole discretion) expected to be delayed due to the acts or omissions of the Contractor in breach of the Design and Construction Contract, the Company may require the Contractor to prepare a reasonable proposed plan to recover the timing set forth in the work milestone schedule.

Termination by the Contractor

Subject to the terms and provisions of the Design and Construction Contractor Direct Agreement between the Contractor, the Company and the Lenders, the Contractor shall be entitled to terminate the Design and Construction Contract for any of the following reasons:

- (i) a Company act of bankruptcy has occurred;
- (ii) non-payment by the Company of any undisputed amount due under the Design and Construction Contract for a period of 90 days after the due date for such amount or after the date that any dispute or good faith denial was resolved;
- (iii) if during the term of the Design and Construction Contract, the Company is entitled to terminate the Development Agreement due to a significant delay event, and such right to terminate shall not have been exercised by the Company; provided that that the Contractor's termination rights are subject to the Owner's rights and obligations as set forth in the Development Agreement;
- (iv) a breach by the Company of its material obligations under the Design and Construction Agreement; provided that such breach has not been caused by an action or inaction of the Contractor which breach shall not have been cured within 30 days following Contractor's notice to the Company of the breach thereof; or
- (v) a suspension in the performance of the work shall have occurred, and such suspension shall have continued for a period of time exceeding 105 consecutive days or 150 days in the aggregate.

In the event that the Contractor intends to exercise the termination rights pursuant to (iii) or (v) above, the Contractor shall send to the Company two months' prior written notice of its intent to terminate. In the event that the Contractor terminates the Design and Construction Contract the Contractor shall be entitled to compensation for: (i) work already performed by the Contractor as of the date of the termination for which it has not yet been compensated; (ii) amounts incurred by the Contractor for materials, equipment (leased or purchased) and supplies procured for the sole purposes of performing its obligations in connection with the work as of such date of termination (it being understood and agreed that to the extent that the Company shall have paid the Contractor for the purchase price of any materials, equipment and supplies the Company purchased in accordance with the terms hereof, concurrently with such payment, the Contractor shall transfer title of such materials, equipment and supplies to the Company); (iii) costs incurred or to be incurred by the Contractor in relation to the termination of existing contractual commitments entered

into by the Contractor and related to the performance of the work in good faith; (iv) demobilization costs; and (v) any other losses arising directly from such termination, which shall exclude consequential, incidental, punitive or exemplary damages, loss of profits or like damages.

The Contractor shall be entitled to such compensation to the extent the losses are incurred under arrangements and/or agreements that are consistent with terms that have been entered into in the ordinary course of business and on an arm's length basis, and to the extent such losses are incurred in connection with the Project and in respect of the work required to be provided or carried out under the Design and Construction Agreement.

Dispute Resolution

In the event of any dispute, claim, question, or disagreement arising from or relating to the Design and Construction Contract, the parties shall use their commercially reasonable efforts to settle the dispute among themselves and may refer the matter to a facilitator/ombudsman to facilitate the settlement process. Any Dispute not otherwise resolved in accordance with the foregoing, shall be referred to non-binding mediation administered by the American Arbitration Association under its Construction Industry Mediation Procedures. If within 30 days following the service of a written demand for mediation provided by one of the parties to the other, or as otherwise agreed by the parties, the mediation does not result in the settlement of the dispute, then the dispute or any portion thereof shall be finally resolved by binding arbitration administered by the American Arbitration Association under its Construction Industry Arbitration Rules, by a panel of three impartial arbitrators.

In the event of any dispute involving the Owner, the provisions, requirements and procedures of the Development Agreement shall instead be applicable.

Assignment

Assignment by the Company

The Company may assign all of its rights, title and interest in, to and under the Design and Construction Contract to the Owner, or its successor, assignee or designee, as collateral security to the Owner for the observation and performance by the Company of its covenants and obligations under the Development Agreement, as amended from time to time, without the prior consent of the Contractor, and subject to the rights of the Collateral Agent set forth in the Design and Construction Contractor Direct Agreement, and contingent only upon delivery of a written request from the Owner following the termination or expiration of the Development Agreement, allowing the Owner or its successor, assignee or designee to assume the benefit of the Company's rights, but excluding any monetary claims or obligations that the Company may have against the Contractor that existed prior to the Company's assumption of the Design and Construction Contract, with liability only for those remaining obligations of the Company accruing after the date of assumption.

Without the prior consent of the Contractor, the Company may also assign all or part of its right, title and interest in the Design and Construction Contract to any Lenders for collateral security purposes. In addition, the Company may assign all or part of its right, title and interest in the Design and Construction Contract to any other person with the prior written consent of the Contractor.

Assignment by the Contractor

The Contractor may not assign the Design and Construction Contract, or all or any portion of its interest, rights, obligations or duties thereunder, excluding any assignment of monies due or to become due to the Contractor thereunder, without the prior written consent of the Owner and the Company, which consent may be granted or withheld at their sole discretion.

Right of Inspection

The Contractor at all times shall coordinate and cooperate, and require its subcontractors to coordinate and cooperate, with the Owner and its authorized agents to facilitate the Owner's oversight activities. The Contractor at

all times shall coordinate and cooperate, and require its subcontractors to coordinate and cooperate, with the Lenders and their authorized representative(s) to facilitate the Lenders' oversight activities. The Company shall have the right, during normal business hours and upon reasonable prior notice, to inspect any item of equipment, material, design, engineering, service or workmanship to be provided and to observe and inspect the Contractor work and to observe all tests of equipment, materials and structures; and the Contractor shall, to the extent reasonably feasible, arrange for inspection of equipment or material at the point of fabrication if requested by the Company.

Subcontractors

Subject to the provisions of the Design and Construction Contract and in accordance with the Development Agreement and the Design and Construction Contract, the Contractor may subcontract all or any portion of the Contractor work to subcontractors, but shall not assign any of its obligations under the Design and Construction Contract or the responsibility for overall management of the work. The Contractor is responsible for each of the various parts of the work so that no part is left in an unfinished or incomplete condition due to any disagreement between subcontractors or between.

Proposed Amendments

The Company and the Contractor expect to enter into an amendment to the Design and Construction Contract on or before the Financial Close Date to, among other things:

- (i) provide for the payment of the Design Amount FC Payment in nine equal installments starting from the calendar month following the date on which NTP 1 is issued by the Owner and the withholding of Design Amount FC Payments until the occurrence of NTP 1;
- (ii) establish that the failure by the Contractor to achieve Project Substantial Completion by the date that is four months prior to the Project Substantial Completion Long Stop Date will constitute an event of default by the Contractor and that there will be no cure period for such event of default;
- (iii) include certain clarifications and technical changes, including certain work to be done for the interim office space.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT

The following is a summary of selected provisions of the Collateral Agency Agreement relating to the Project and is not a full statement of the terms of such agreement. Accordingly, the following summary is qualified in its entirety by reference to such agreement and is subject to the full text of such agreement. A copy of such agreement is available, free of charge, upon request from the Company or the Trustee. Unless otherwise stated, any reference in this Official Statement to any agreement means such agreement and all schedules, exhibits and attachments thereto, as amended, supplemented or otherwise modified and in effect as of the date hereof.

The Collateral Agent

Duties and Responsibilities

(a) The Collateral Agent will administer and enforce the Collateral Agency Agreement and the other Security Documents, and, among other remedies, foreclose upon, collect and dispose of the Collateral and apply the proceeds therefrom, for the benefit of the Secured Parties, and otherwise perform its duties and obligations as the Collateral Agent and will have no duties or responsibilities other than those expressly set forth in the Collateral Agency Agreement and in the other Security Documents.

(b) In most instances the Collateral Agent will only be required to act or refrain from acting in accordance with the Collateral Agency Agreement or upon the written instructions of the Trustee, as specified in the Collateral Agency Agreement; however, the written instructions of all of the Secured Parties will be required where expressly provided in the Collateral Agency Agreement and the Collateral Agent will not be required to take any action contrary to any provision of the Collateral Agency Agreement or contrary to applicable law.

(c) In no event will the Collateral Agent be required to foreclose on, or take possession of, the Collateral, if, in its reasonable judgment, such action would be in violation of any applicable law, rule or regulation pertaining thereto, or if the Collateral Agent reasonably believes that such action would result in the incurrence of liability by the Collateral Agent for which it is not fully indemnified by the Company.

(d) Neither the Collateral Agent nor any of its directors, officers, employees or agents will be liable or responsible for any action taken or omitted to be taken by it or them under the Collateral Agency Agreement, except for its or their own gross negligence, bad faith or willful misconduct.

(e) The Collateral Agent will not be responsible to the other Secured Parties for (i) any recitals, statements, representations or warranties by the Company or any of the Secured Parties (other than its own) contained in the Collateral Agent Agreement or the other Financing Documents, or any certificate or other document delivered by the Company or any of the other Secured Parties thereunder, (ii) the value, validity, effectiveness, genuineness, enforceability (other than as to the Collateral Agent with respect to such documents to which the Collateral Agent is a party) or sufficiency of the Collateral Agency Agreement or any other document referred to or provided for in the Collateral Agency Agreement or any of the Financing Documents or of the Collateral held by the Collateral Agent under the Collateral Agency Agreement, (iii) the performance or observance by the Company or any of the Secured Parties (other than as to itself) of any of their respective agreements contained in the Collateral Agency Agreement or any of the Financing Documents, nor will the Collateral Agent be liable because of the invalidity or unenforceability of any provisions of the Collateral Agency Agreement (other than as to itself) or (iv) the validity, perfection, priority or enforceability of the liens on any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part under the Collateral Agency Agreement (except to the extent such action or omission constitutes gross negligence, bad faith or willful misconduct on the part of the Collateral Agent), the validity of the title of the Company to the Collateral, insuring the Collateral or the payment of Taxes, charges, assessments on the Collateral or otherwise as to the maintenance of the Collateral.

(f) Except when a mandatory action is required by the Collateral Agent under the Security Documents, the Collateral Agent may at any time request instructions from the Trustee as to a course of action to be taken by it under the Collateral Agency Agreement and under any of the Security Documents or in connection with the Collateral Agency Agreement and the Security Documents or any other matters relating thereto, and the Trustee is required to promptly reply to any such request.

(g) The Collateral Agent will not be required to expend or risk any of its own funds or otherwise incur any liability, financial or otherwise, in the performance of any of its duties under the Collateral Agency Agreement or under any other Financing Documents.

Authorization

The Collateral Agent is authorized by the Trustee, on behalf of each Secured Party, to take the appropriate actions necessary to perform the Collateral Agency Agreement and each other Financing Document to which the Collateral Agent is a party, exercise and enforce any and all available rights, powers and remedies, and take any other action which the Trustee instructs on behalf of the Secured Creditors. The Collateral Agent will deliver copies of all notices it receives on behalf of any of the Secured Parties or in connection with the Financing Documents or the Project to the Trustee promptly upon receipt. The Collateral Agent is not permitted to commence an Enforcement Action except in accordance with instructions given by the Trustee (acting in accordance with the terms of the Indenture). All decisions with respect to the type of Enforcement Action will require the written consent of the Trustee (acting in accordance with the terms of the Indenture), and the Collateral Agent is not required to take any Enforcement Action in the absence of any such written consent. The Collateral Agent is required to use its commercially reasonable efforts to pursue diligently the prosecution of any Enforcement Action.

Administrative Actions

The Collateral Agent may, but will not be obligated to, take action it deems necessary to perfect or continue the perfection of the liens on the Collateral held for the benefit of the Secured Parties. The Collateral Agent will not release any of the Collateral held for the benefit of the Secured Parties, and will not release any of the Collateral held for the benefit of such Secured Parties, except: (a) upon the written direction of the Trustee (acting in accordance with the terms of the Indenture); (b) upon payment in full of the Secured Obligations (as certified to the Collateral Agent by the Trustee); (c) for Collateral consisting of a debt instrument if the indebtedness evidenced thereby has been paid in full (as certified to the Collateral Agent by the Trustee); or (d) where such release is expressly permitted under the Security Documents.

Reliance of Collateral Agent

In connection with the performance of its duties under the Collateral Agency Agreement, the Collateral Agent will be entitled to rely conclusively upon, and will be fully protected in acting or refraining from acting in accordance with, any written certification, notice, instrument, opinion, request, consent, order, approval, direction or other written communication of the Trustee or of any other Secured Party, which the Collateral Agent in good faith reasonably believes to be genuine and to have been signed or sent by or on behalf of the proper person or persons, and it will be entitled to rely conclusively upon the due execution, validity and effectiveness, and the truth, correctness and acceptability of, any provisions contained therein. The Collateral Agent will not have any responsibility to make any investigation into the facts or matters stated in any notice, certificate, instrument, demand, request, direction, instruction, or other communication furnished to it. Whenever the Collateral Agency Agreement specifies that any instruction or consent by the Trustee is to be given in accordance with the terms of the Indenture, the Collateral Agent will be entitled to rely upon any such instruction or consent by the Trustee, and the Collateral Agent has the right to presume without investigation that any such instruction or consent by the Trustee has been given in accordance with the terms of the Indenture.

Resignation and Removal; Successor Collateral Agent; Individual Collateral Agent

Subject to the appointment and acceptance of a successor Collateral Agent, the Collateral Agent may resign at any time by giving at least thirty (30) days' prior written notice to the other Secured Parties and the Company, and

the Collateral Agent may be removed at any time with or without cause by the Trustee (acting in accordance with the Indenture) upon thirty (30) days' written notice thereof to the Collateral Agent, the other Secured Parties and the Company; provided that, the Company will not be responsible for nor bear any of the costs or expenses of the Collateral Agent in connection with any such resignation. Upon any such resignation or removal, the Trustee (acting in accordance with the terms of the Indenture) will have the right to appoint a successor Collateral Agent which, so long as no default or Event of Default under the Collateral Agency Agreement has occurred and is continuing, has to be reasonably acceptable to the Company. If no successor Collateral Agent will have been so appointed by the Trustee within thirty (30) days after the retiring Collateral Agent's giving of notice of resignation or the removal of the retiring Collateral Agent by the Trustee, then the retiring Collateral Agent has the right to, on behalf of the Secured Parties, apply to a court of competent jurisdiction (with notice to the Trustee and the Company) for the appointment of a successor Collateral Agent. In all such cases, the successor Collateral Agent (i) has to be a bank organized under the laws of the United States or any state thereof that has an office in the State of New York and which agrees to administer the Collateral in accordance with the terms of the Collateral Agency Agreement and of the other Security Documents and the unsecured long-term debt of which will be rated, at the time of appointment, no lower than "A" or "A2" or the equivalent rating from any NRSRO and will have a total capital stock and unimpaired surplus of not less than \$500 million and, so long as no default or Event of Default under the Collateral Agency Agreement has occurred and is continuing, has to be reasonably acceptable to the Company.

Books and Records; Reports

(a) The Collateral Agent will at all times keep, or cause to be kept, proper books of record and account of all transactions relating to the Secured Obligations, Project Revenues and all Project Accounts established pursuant to the Collateral Agency Agreement. Such books of record and accounts will be available for inspection by the Trustee and the Secured Parties, or their authorized agents or representatives duly authorized in writing, at reasonable hours and under reasonable circumstances and upon reasonable prior written request.

(b) Within fifteen (15) days after the end of each month, the Collateral Agent will furnish to the Trustee, with a copy to the Company, a report that sets forth the account balances, receipts, disbursements, transfers, investment transactions, and accruals for each of the Project Accounts (other than the Operating Account) during such month. The Collateral Agent may provide online read only access to the accounts in order to satisfy this requirement.

(c) Within thirty (30) days after the end of each year, the Collateral Agent will furnish to the Trustee, with a copy to the Company, a report setting forth the account balances, receipts, disbursements, transfers, investment transactions, and accruals for each of the Project Accounts (other than the Operating Account) during the preceding year.

(d) The Collateral Agent will maintain records of all receipts, disbursements, and investments of funds with respect to the Project Accounts (other than the Operating Account) until the fifth anniversary of the date on which all of the Secured Obligations have been paid in full.

(e) On or prior to the date that is six months prior to the expiration date of any UCC financing statement that has been filed with respect to the Collateral for which the Collateral Agent is a secured party and is known to the Collateral Agent, the Collateral Agent may provide the Company notice of the impending expiration date. The Company will provide the Collateral Agent evidence that the required continuation statement has been properly and timely filed promptly following such notice and prior to the relevant expiration date. This paragraph (e) is not intended to modify the responsibility of, the liability of, or provide a defense to, the Company under any Financing Document with respect to the filing of continuation statements or the maintenance of the Collateral Agent's perfected security interest in the Collateral with the priority contemplated by the Financing Documents.

Authorization of Collateral Agent to Recover Compensation, Fees and Expenses

To the extent that the Company fails to pay any compensation or indemnification payment required to be paid by it to the Collateral Agent under the Collateral Agency Agreement, the Collateral Agent is authorized to transfer funds to reimburse itself for such amounts out of the following accounts in the following order of priority: (i) the Distribution Account; (ii) the Proceeds Account; (iii) the Operating Account; and (iv) the Bonds Sub-Account (to the extent permitted by the Loan Agreement and applicable Law, including the Code and U.S. Treasury regulations).

These provisions survive the termination of the Financing Documents and the resignation or removal of the Collateral Agent.

No Consequential Damages

In no event will the Collateral Agent be liable under or in connection with the Financing Documents for indirect, special, incidental, punitive or consequential losses or damages of any kind whatsoever, including, but not limited to, lost profits, whether or not foreseeable, even if the Collateral Agent has been advised of the possibility thereof and regardless of the form of action in which such damages are sought.

Force Majeure

In no event will the Collateral Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, the unavailability of the Federal Reserve Bank wire or facsimile or other wire or communication facility; it being understood that the Collateral Agent will use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Company Remains Liable

Notwithstanding anything in the Collateral Agency Agreement to the contrary, (a) the Company will remain liable under its contracts and agreements (including the Financing Documents) to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if the Collateral Agency Agreement had not been executed, (b) the exercise by the Collateral Agent of any of the rights under the Collateral Agency Agreement will not release the Company from any of its duties or obligations under such contracts and agreements, and (c) neither the Collateral Agent nor any of the other Secured Parties will have any obligation or liability under the contracts and agreements of the Company by reason of the Collateral Agency Agreement, nor will the Collateral Agent be obligated to perform any of the obligations or duties of the Company under such contracts or agreements or to take any action to collect or enforce any claim for payment assigned thereunder. Notwithstanding the foregoing, if the Company fails to perform any agreement of the Company contained in the Collateral Agency Agreement relating to the perfection or preservation of the Collateral, the Collateral Agent may (but will not be obligated to) itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith will be payable by the Company under the Collateral Agency Agreement.

The Project Accounts

Establishment of Project Accounts

The following Project Accounts have been established in the Company's name with Deutsche Bank Trust Company Americas, in its capacity as Collateral Agent (the Project Accounts set forth in clauses (i) through (vii), together with their corresponding sub-accounts, collectively, the "**Securities Accounts**"):

- (i) the Proceeds Account;
- (ii) the Loss Proceeds Account;
- (iii) the Construction Proceeds Account, including:
 - A. Costs of Issuance Sub-Account;
 - B. Bonds Sub-Account; and

- C. Bonds Interest Reserve Sub-Account;
- (iv) the Debt Service Payment Account, including:
 - A. Senior Debt Service Payment Sub-Account; and
 - B. Bonds Debt Service Interim Payment Sub-Account;
- (v) the Debt Service Reserve Account;
 - A. 2017 Bonds Debt Service Reserve Sub-Account
- (vi) the Major Maintenance Reserve Account; and
- (vii) the Distribution Account.

Upon the written instruction of the Company, the Collateral Agent may from time to time establish and maintain sub-accounts within the Project Accounts for the purposes and the term specified in any such request and providing for deposits and withdrawals in those circumstances expressly provided for in any such instruction; provided that any such instruction is consistent with the terms and conditions of the Collateral Agency Agreement.

The Company has also established the Operating Account with Compass Bank, in its capacity as a Deposit Account Bank, and such account will be maintained in the name of the Company. The Operating Account will constitute a Project Account and will be subject to the Control Agreement.

All of the Project Accounts will be under the control of the Collateral Agent (in the case of the Operating Account, pursuant to the Control Agreement) and, except as expressly provided in the Collateral Agency Agreement, the Company will not have any right to withdraw funds from any Project Account. The Company will irrevocably authorize the Collateral Agent to credit funds to or deposit funds in, and to withdraw and transfer funds from, each Project Account in accordance with the terms of the Collateral Agency Agreement. The Project Accounts will be maintained at all times in New York, New York, or in the case of the Operating Account, in the State of Colorado.

Proceeds Account

(a) Except for amounts to be deposited in other Project Accounts, all Project Revenues, together with amounts received pursuant to paragraph (d) of “—*Debt Service Reserve Account*” below and paragraph (d) of “—*Major Maintenance Reserve Account*” below, will be deposited into the Proceeds Account. The Company will promptly deposit or cause to be deposited into the Proceeds Account all other amounts received by the Company from any other source whatsoever, including any Compensation Amount as provided below, the application of which is not otherwise specified in the Collateral Agency Agreement. Pending such deposit, the Company will hold all such amounts coming into its possession in trust for the benefit of the Secured Parties.

(b) Subject to certain provisions of the Collateral Agency Agreement described below under “—*Debt Service Reserve Account*,” “—*Major Maintenance Reserve Account*” and “—Withdrawal and Application of Funds; Priority of Transfers from Project Accounts; Event of Default,” including the delivery of a Funds Transfer Certificate by the Company (to the extent required under such provisions) and subject to the provisions described under “—Termination Proceeds” and “—Collateral and Remedies—*Application of Proceeds*” below, the Collateral Agent will make the following withdrawals, transfers and payments from the Proceeds Account in the amounts, at the times and only for the purposes specified below and in the following order of priority (it being agreed that no amount will be withdrawn on any date pursuant to any clause below until amounts sufficient as of that date (to the extent applicable) for all the purposes specified under the prior clauses will have been withdrawn or set aside), in each case, to the extent of available cash at such time; provided that, unless otherwise expressly provided therein, no extraordinary mandatory prepayment, extraordinary mandatory redemption or payment of accelerated amounts will be made in the Flow of Funds:

First, on each Monthly Funding Date (or any other date on which the following amounts are then due and payable), any payments then due and payable by the Company to the Rebate Fund or any similar rebate fund established with respect to any future tax-exempt borrowing transaction;

Second, on each Monthly Funding Date (or any other date on which the following amounts are then due and payable), to the Operating Account, an amount equal to (after taking into account any amounts already on deposit therein) (A) the Operations and Maintenance Expenses then due and payable or reasonably projected to become due and payable prior to the next succeeding Monthly Funding Date, including any Operations and Maintenance Expenses then due and payable by the Company to the Owner or any other person under the Development Agreement or any other related documents, and (B) prior to the Project Substantial Completion Date, any Project Costs then due and payable or reasonably projected to become due and payable prior to the next succeeding Monthly Funding Date;

Third, on each Monthly Funding Date (or any other date on which the following amounts are then due and payable), to the Operating Account, an amount equal to the Required Capital Expenditures and the Major Maintenance Costs then due and payable or reasonably projected to become due and payable prior to the next succeeding Monthly Funding Date, except to the extent that there are sufficient funds then on deposit in the Major Maintenance Reserve Account to pay for such costs;

Fourth, on each Monthly Funding Date (or any other date on which the following amounts are then due and payable), to the Collateral Agent, the Trustee, the other Secured Creditors, the Issuer and the Issuer Indemnified Persons (only to the extent of its and their Reserved Rights) and any NRSRO, as applicable, an amount equal to fees, administrative costs, other expenses and indemnification payments of such parties then due and payable in connection with the Financing Documents (or as may otherwise be due and payable in the case of any NRSRO) (less, solely to the extent such fees, costs and other expenses constitute Costs of Issuance, amounts on deposit in the Costs of Issuance Sub-Account of the Construction Proceeds Account which will be used to pay such fees, costs and expenses);

Fifth, on each Monthly Funding Date that is the Monthly Funding Date immediately preceding or occurring on the same date as a Payment Date with respect to the Senior Obligations or on an Interim Payment Date, (i) to the Senior Debt Service Payment Sub-Account, an amount (that together with the amount, if any, then on deposit in the Senior Debt Service Payment Sub-Account for purposes of paying interest due on the Senior Debt Service and, if applicable, then on deposit in other interest payment accounts established under the Indenture, to pay the interest payment due on such Payment Date), equal to the interest portion due on Senior Debt Service and Hedging Obligations, as the case may be, and (ii) if such Monthly Funding Date (or such other date) is an Interim Payment Date or a Distribution Date, to the Bonds Debt Service Interim Payment Sub-Account or any other interim payment sub-account(s) for Additional Senior Obligations, the interest portion of any amount required to be transferred or otherwise deposited in accordance with the Loan Agreement, the Collateral Agency Agreement and otherwise in accordance with the Financing Documents for the relevant Additional Senior Obligations;

Sixth, on each Monthly Funding Date that is the Monthly Funding Date immediately preceding or occurring on the same Payment Date with respect to the Senior Obligations or on an Interim Payment Date, (i) to the Senior Debt Service Payment Sub-Account, an amount (that together with the amount, if any, then on deposit in the Senior Debt Service Payment Sub-Account for purposes of paying the principal payment due and, if applicable, then on deposit in other principal payment accounts established under the Indenture, to pay the principal due on such Payment Date) equal to the principal portion (including any principal portion due in connection with any scheduled mandatory sinking fund redemption, if applicable) due on Senior Debt Service and Hedging Termination Obligations, as the case may be, and (ii) if such Monthly Funding Date (or such other date) is an Interim Payment Date or a Distribution Date, to the Bonds Debt Service Interim Payment Sub-Account or any other interim payment sub account(s) for Additional Senior Obligations, the principal portion of any amount required to be transferred or otherwise deposited in accordance with

“FINANCING FOR THE PROJECT—Senior Debt—*Loan Agreement—Repayment Terms*,” “PROJECT ACCOUNTS AND FLOW OF FUNDS—Flow of Funds—Distribution Account” and otherwise in accordance with the Financing Documents for the relevant Additional Senior Obligations;

Seventh, on each Calculation Date, to the relevant sub-account(s) of the Debt Service Reserve Account, (x) to the extent necessary to fund such account so that the balance therein equals the Debt Service Reserve Required Balance and (y) to the extent permitted under the Financing Documents, to the payment of any outstanding payment obligations of the Company in respect of a Recourse Acceptable Letter of Credit held for the benefit of the relevant sub-account(s) of the Debt Service Reserve Account, provided the stated amount thereof does not exceed the Debt Service Reserve Required Balance;

Eighth, on each Calculation Date, to the Major Maintenance Reserve Account, (x) to the extent necessary to fund such account so that the balance therein equals the Major Maintenance Reserve Required Balance and (y) to the extent permitted under the Financing Documents, to the payment of any outstanding payment obligations of the Company in respect of a Recourse Acceptable Letter of Credit held for the benefit of the Major Maintenance Reserve Account, provided the stated amount thereof does not exceed the Major Maintenance Reserve Required Balance;

Ninth, on each Calculation Date, to the Operating Account, an amount equal to the Discretionary Capital Expenditures (as determined by the Company, without independent verification as to reasonableness by the Lenders’ Technical Advisor) then due and payable or reasonably projected to become due and payable prior to the next succeeding Calculation Date;

Tenth, on each Calculation Date, to the Senior Debt Service Prepayment Sub-Account, any voluntary prepayments and optional redemptions of Senior Obligations; and

Eleventh, on each Distribution Date (or such later date after giving effect to all of the transfers required to be made pursuant to clauses First through Tenth on such date), so long as the Distribution Conditions have been satisfied as of such Distribution Date, all remaining amounts, if any, as were on deposit in the Proceeds Account as of such Distribution Date will be transferred to the Distribution Account.

(c) If the Company receives a payment of a Compensation Amount in respect of the actual and estimated loss of the Company’s future Project Revenues such amount will promptly be deposited into a sub-account of the Proceeds Account and will not be applied pursuant to the Flow of Funds above; provided that, concurrently with such deposit, the Company will provide to the Trustee (for dissemination to the Secured Creditors) a calculation in reasonable detail showing the period for which such amount was paid as compensation in respect of the loss of Project Revenues (which calculation must be accompanied by any agreement of the Company and the Owner that has been prepared in connection therewith). As of the commencement of each month during the period for which such amount was paid, at the Company’s written request, one-twelfth of the portion thereof constituting a Compensation Amount for the loss of Project Revenues for the relevant year (or, in the event such Compensation Amount was paid in respect of any portion of any year, an amount equal to the amount constituting a Compensation Amount for the loss of Project Revenues for the relevant portion of such year, divided by the number of months remaining in such year), together with interest or other earnings accrued thereon from the date of deposit, will be transferred from such sub-account to the Proceeds Account and applied in accordance with the Flow of Funds above.

(d) To the extent that on any date of determination amounts on deposit in any applicable sub-account of the Debt Service Reserve Account (including any Recourse Acceptable Letters of Credit) are, subject to certain provisions described under “—Debt Service Reserve Account” below, in excess of the Debt Service Reserve Required Balance or amounts on deposit in the Major Maintenance Account are in excess of the Major Maintenance Reserve Required Balance, as applicable, such excess amounts will be transferred to the Proceeds Account.

(e) After application of funds in the Proceeds Account on any Monthly Funding Date or Interim Payment Date, as applicable, pursuant to (b) above, to the extent any funds remain in the Proceeds Account, such funds will remain in the Proceeds Account for application in accordance with the Collateral Agency Agreement.

Loss Proceeds Account

All Net Loss Proceeds are to be paid directly into the Loss Proceeds Account (for the avoidance of doubt, any Loss Proceeds not constituting Net Loss Proceeds should be deposited in the Proceeds Account). Except as described under “—Collateral and Remedies—*Application of Proceeds*” below, amounts on deposit in the Loss Proceeds Account will be withdrawn and paid in the following order of priority:

- (i) First, until all required amounts have been utilized as contemplated in this clause (i), to the Company to pay the costs of any restoration of the Project or any portion thereof, in accordance with the Development Agreement and, to the extent applicable, the Financing Documents;
- (ii) Second, until all required amounts have been utilized as contemplated in this clause, to the extent applicable, to the Trustee for the account of the Senior Creditors in fulfillment of any Company extraordinary mandatory prepayment obligations under the applicable Financing Documents; and
- (iii) Third, in the case of any remaining monies, to the Proceeds Account.

To the extent that any Loss Proceeds on deposit in or credited to the Loss Proceeds Account have been received in respect of losses as to which monies have previously been withdrawn from the Proceeds Account in accordance with the Flow of Funds described above, the Company has the right to direct the transfer of such proceeds to the Proceeds Account.

Construction Proceeds Account

(a) The Collateral Agent will deposit into the Construction Proceeds Account, including any sub-account thereof, (i) all net proceeds of the Series 2017 Bonds (in respect of the Loan), and (ii) all net proceeds of Additional Senior Obligations issued to finance Project Costs prior to the Project Substantial Completion Date.

(b) The following separate sub-accounts are established and created within the Construction Proceeds Account in the name of the Company:

- (i) the Costs of Issuance Sub-Account;
- (ii) the Bonds Sub-Account; and
- (iii) the Bonds Interest Reserve Sub-Account.

(c) Project Costs (other than (i) those Costs of Issuance of the 2017 Bonds which are paid from the Costs of Issuance Sub-Account and (ii) those interest payments with respect to the Series 2017 Bonds which are paid from the Bonds Interest Reserve Sub-Account) will be paid from the various other sub-accounts of the Construction Proceeds Account or as otherwise provided in the Collateral Agency Agreement. The Company will be entitled to open new sub-accounts of the Construction Proceeds Account by providing to the Collateral Agent instructions in respect of the same for the purpose of depositing the proceeds of any Additional Senior Obligations permitted to be incurred by the Financing Documents.

(d) Notwithstanding anything to the contrary in the Collateral Agency Agreement, the lien on the Costs of Issuance Sub-Account (and all earnings thereon), the Bonds Sub-Account (and all earnings thereon) and the Bonds Interest Reserve Sub-Account (and all earnings thereon) will secure only the Loan Agreement and the related interest of the Trustee and the Beneficial Owners of the Bonds (such exclusive lien to continue upon the occurrence of a Bankruptcy in respect of the Company) with respect to amounts on deposit in such sub-accounts from time to time,

and such amounts will be solely for the benefit of the Trustee on behalf of the Beneficial Owners of the Bonds until such funds have been disbursed in accordance with the Collateral Agency Agreement.

(e) Costs of Issuance Sub-Account

(i) The Collateral Agent will deposit into the Costs of Issuance Sub-Account net proceeds of the Series 2017 Bonds in the amount set forth in the Indenture and any other monies received by the Collateral Agent that are accompanied by written directions from the Company that such monies are to be deposited into the Costs of Issuance Sub-Account. Such sub-account will be maintained in order to account for the receipt and disbursement of proceeds (and all earnings thereon) of the Series 2017 Bonds.

(ii) All proceeds deposited into the Costs of Issuance Sub-Account will be used by the Trustee or the Collateral Agent to pay the Costs of Issuance relating to the Series 2017 Bonds in accordance with the Code. The Company will request disbursements of monies on deposit in the Costs of Issuance Sub-Account to pay or reimburse a prior payment of Costs of Issuance from time to time by delivering to the Collateral Agent (with a copy to the Trustee), a requisition signed by an authorized officer of the Company. Any amounts remaining on deposit in the Costs of Issuance Sub-Account after all costs of issuance have been paid or reimbursed will (upon direction of the Company) be transferred to the Bonds Sub-Account and at such time the Costs of Issuance Sub-Account will be closed.

(f) Bonds Sub-Account

(i) The proceeds of the Series 2017 Bonds, net of Costs of Issuance and amounts deposited to the Bonds Interest Reserve Sub-Account, will be deposited into the Bonds Sub-Account on the Financial Close. Such sub-account will be maintained in order to account for the receipt and disbursement of proceeds (and all earnings thereon) of the Series 2017 Bonds.

(ii) Monies in the Bonds Sub-Account will be used to pay, or reimburse for a prior payment of, Project Costs as permitted by the Code. The Company will request disbursements of monies on deposit in the Bonds Sub-Account (or any other sub-account of the Construction Proceeds Account containing proceeds of Additional Senior Obligations) by delivering to the Collateral Agent (with a copy to the Trustee), not later than the fifth business day prior to the proposed date of disbursement or such shorter period as agreed with the Collateral Agent in respect of the funding on the Closing Date, a requisition signed by an authorized officer of the Company, together, solely in respect of construction costs related to the Project to be financed with proceeds of the Bonds Sub-Account (or any other sub-account of the Construction Proceeds Account containing proceeds of Additional Senior Obligations) as part of any such request, with a certificate of the Lenders' Technical Advisor. However, any disbursement requested to be made on the Closing Date will be made pursuant to a requisition delivered on the Closing Date.

(g) Bonds Interest Reserve Sub-Account

(i) The Collateral Agent will deposit into the Bonds Interest Reserve Sub-Account net proceeds of the Series 2017 Bonds in the amount set forth in the Indenture and any other monies received by the Collateral Agent that are accompanied by written directions from the Company that such monies are to be deposited into the Bonds Interest Reserve Sub-Account. Such sub-account will be maintained in order to account for the receipt and disbursement of proceeds (and all earnings thereon) of the Series 2017 Bonds.

(ii) Monies in the Bonds Interest Reserve Sub-Account will be used solely to pay interest in respect of the Series 2017 Bonds at any time and from time to time for a period up to that permitted under applicable law of the State of Colorado, the Code and U.S. Treasury regulations. The Company will request disbursements of monies on deposit in the Bonds Interest Reserve Sub-Account to pay interest in respect of the Series 2017 Bonds from time to time to the extent provided in the Collateral Agency Agreement by delivering to the Collateral Agent (with a copy to the Trustee), a requisition signed by an authorized officer of the Company. Any remaining unused balance in the Bonds Interest Reserve Sub-Account on the Project Substantial Completion Date will be transferred to the Proceeds Account to the extent permitted under

applicable law of the State of Colorado, the Code and U.S. Treasury regulations. The Company will not be required to replenish any amounts withdrawn from the Bonds Interest Reserve Sub-Account.

(h) The proceeds of any contribution made in accordance with the Equity Contribution Agreement (including as a result of any draws on any Capital Contributions Security Instrument but excluding as a result of any draws on any Contingent Capital Contributions) will be deposited by the Company (or on its behalf) directly into the Operating Account, the 2017 Bonds Debt Service Reserve Sub-Account or the Major Maintenance Reserve Account, as specified in the relevant contribution notice. Proceeds of any Contingent Capital Contributions (including as a result of any draws on any Capital Contributions Security Instrument relating to any draws on any Contingent Capital Contributions), will be deposited into the Operating Account, as per the terms of the Equity Contribution Agreement. The Company will deposit or cause to be deposited into the Operating Account all Progress Payments. Any amounts contemplated by this paragraph (h) may be used as payment for or reimbursement of certain Project Costs paid by or on behalf of the Company.

(i) The Collateral Agent will, subject to the penultimate sentence of this paragraph (i), comply with any requisition received from the Company pursuant to the Collateral Agency Agreement; provided that if any payment, withdrawal or transfer of funds is not in compliance with the Collateral Agency Agreement or the other Financing Documents, the Collateral Agent will notify the Trustee and the Company in writing of such noncompliance and the Company will not be entitled to cause such proposed payment, withdrawal or transfer until such time as it has submitted a revised requisition which complies with the terms of the Collateral Agency Agreement or the other Financing Documents; and provided, further, that the failure to give any such notice will not be deemed to be an approval of the proposed payment, withdrawal or transfer or a waiver of any rights of the Secured Parties with respect thereto. Except as contemplated in the immediately preceding sentence, the Company will, in the absence of an Event of Default having occurred and being continuing under the Collateral Agency Agreement, be entitled to withdraw funds from all of the accounts contemplated above for the purposes (and in accordance with the terms) set forth in the Collateral Agency Agreement. Upon receipt of a notice of an Event of Default under the Collateral Agency Agreement and solely during the continuance thereof, the Trustee or the Intercreditor Agent, as applicable will instruct the Collateral Agent in writing to apply the proceeds of the Project Accounts to the payment of Secured Obligations, in accordance with the terms of the Indenture and the requirements of the fourth paragraph below under “—Withdrawal and Application of Funds; Priority of Transfers from Project Accounts; Event of Default.”

(j) If any portion of the costs for which funds are on deposit in the Construction Proceeds Account, or any of the sub-accounts therein, have been paid out of monies withdrawn from the Proceeds Account in accordance with “—*Proceeds Account*,” then the Company may requisition the transfer of an amount equal to such respective costs to the Proceeds Account.

(k) Subject to paragraph (a) above, on any date as specified in a requisition delivered in accordance with the terms of the Collateral Agency Agreement, there will be deposited into the Operating Account (except for payments made directly from the Costs of Issuance Sub-Account as permitted by the Collateral Agency Agreement), an amount equal to Project Costs (excluding any Project Costs to be paid (as contemplated by the Company in its requisition) with any funds already on deposit in the Operating Account or contemplated to be funded prior to the next succeeding Monthly Funding Date with other amounts) then due and payable and reasonably projected to become due and payable prior to the next succeeding Monthly Funding Date (as set forth in a requisition provided to the Collateral Agent by the Company in accordance with the terms of the Collateral Agency Agreement), from, at the Company’s election, monies on deposit in any of the Bonds Sub Account (other than in respect of costs of issuance), the Costs of Issuance Sub-Account or any other sub account of the Construction Proceeds Account containing proceeds of Additional Senior Obligations.

(l) To ensure compliance with section 142(a) of the Code, upon written direction to the Collateral Agent (with notice to the Trustee), the Company will use any proceeds of the Series 2017 Bonds remaining on deposit in the Bonds Sub-Account and the Costs of Issuance Sub-Account (to the extent not otherwise required to be rebated to the United States in accordance with section 148(f) of the Code and the Indenture), on the fifth anniversary of the issue date of the Series 2017 Bonds, to redeem Series 2017 Bonds at a redemption price of par plus accrued and unpaid interest thereon on as of such date; provided, however, that no such redemption will be required upon the Company obtaining an opinion of Bond Counsel to the effect that failure to perform such redemption will not adversely affect

the exclusion of interest on the Series 2017 Bonds or any Additional Senior Obligations from gross income for United States federal income tax purposes.

(m) Except as otherwise required by any applicable law and paragraph (l) above, to the extent that on the Project Substantial Completion Date, there will be any funds remaining on deposit in the Construction Proceeds Account or any sub-account thereof, such amounts will be deposited into the Proceeds Account.

Debt Service Payment Account

(a) The Debt Service Payment Account and each sub-account thereof will be funded from the Proceeds Account, the Debt Service Reserve Account and the Distribution Account, each in accordance with the Flow of Funds and, in the case of a deficiency, from certain other Project Accounts as described in the Collateral Agency Agreement.

(b) The following separate sub-accounts will be established and created within the Debt Service Payment Account in the name of the Company: (i) the Senior Debt Service Payment Sub-Account; and (ii) the Bonds Debt Service Interim Payment Sub-Account.

(c) The Collateral Agent will withdraw funds from the Senior Debt Service Payment Sub-Account on each date on which any amounts constituting Senior Debt Service are due and payable (or are to be prepaid) in accordance with any Funds Transfer Certificate (to the extent that sufficient funds are then available) and transfer those funds to the persons or accounts, in the amounts and at the times specified in such Funds Transfer Certificate in the following order of priority:

First, on each Monthly Funding Date (or any other date on which the following amounts are due and payable), to the Senior Creditors in an amount equal to the interest portion due and payable on Senior Debt Service and Hedging Obligations as of such date;

Second, on each Monthly Funding Date (or any other date on which the following amounts are due and payable), to the Senior Creditors in an amount equal to the principal portion due and payable on Senior Debt Service and Hedging Termination Obligations of such date; and

Third, on each date on which the following amounts shall be then due and payable, to the Senior Creditors in the amount of any voluntary prepayments and optional redemptions of Senior Obligations.

(d) Monies on deposit in the Bonds Debt Service Interim Payment Sub-Account will be used by the Collateral Agent (without the requirement of a Funds Transfer Certificate) as follows:

(i) in the event that (after giving effect to the transfers contemplated by clauses Fifth and Sixth of the Flow of Funds as of such date), there will be a Bonds Debt Service Payment Shortfall on any date on which any amounts constituting principal of (including any principal portion due in connection with a mandatory sinking fund redemption) and interest on the Series 2017 Bonds is due and payable, funds in an amount equal to the lesser of such (A) Bonds Debt Service Payment Shortfall, and (B) the amount then on deposit in the Bonds Debt Service Interim Payment Sub-Account will be transferred from the Bonds Debt Service Interim Payment Sub-Account to the Senior Debt Service Payment Sub-Account for application in accordance with, and in the priority set forth in, "—Debt Service Reserve Account", provided that such amounts will only be payable to the Beneficial Owners of the Series 2017 Bonds; and

(ii) following the taking of an Enforcement Action, monies on deposit in the Bonds Debt Service Interim Payment Sub-Account will be applied in the manner set forth in "—Collateral and Remedies —*Application of Proceeds*" below.

(e) The lien on the Bonds Debt Service Interim Payment Sub-Account will secure only the Loan under the Loan Agreement and the related interest of the Trustee and the Beneficial Owners of the Series 2017 Bonds (such

exclusive lien to continue upon the occurrence of a Bankruptcy in respect of the Company) with respect to amounts on deposit in such Bonds Debt Service Interim Payment Sub-Account from time to time, and such amounts will be solely for the benefit of the Trustee on behalf of the relevant Beneficial Owners of the Series 2017 Bonds until such funds have been disbursed in accordance with this paragraph.

(f) The Company is entitled to open new sub-accounts of the Debt Service Payment Account by providing the Collateral Agent with instructions in respect of the same for the purpose of creating one or more interim payment sub-accounts in respect of any Additional Senior Obligations. Amounts will be deposited into such sub-accounts at the direction of the Company in accordance with the Flow of Funds and “—*Distribution Account*” and any amounts on deposit in such accounts shall only be payable to the holders of the applicable Additional Senior Obligations and, following the taking of an Enforcement Action, monies on deposit in such sub-account(s) shall be applied in the manner set forth in “—*Collateral and Remedies —Application of Proceeds*” below. Any Lien on any such sub-account(s) will secure only the applicable Additional Senior Obligations for which the relevant sub-account was opened and such amounts will be solely for the benefit of the holders of the Additional Senior Obligations until such funds have been disbursed in accordance with this paragraph.

(g) If, on any Monthly Funding Date (or any other date on which any amounts constituting Senior Debt Service are due and payable), the amount available in the Proceeds Account is insufficient to make the deposits to the Senior Debt Service Payment Sub-Account specified in clauses Fifth and Sixth of the Flow of Funds, or if on any date, the amount available in the Senior Debt Service Payment Sub-Account, after all relevant transfers, is insufficient to pay the amounts specified in paragraph (c) First and Second above which are then due and payable, the Collateral Agent, without further direction from the Company, will withdraw the amount of such deficiency from the following Project Accounts (to the extent that sufficient funds are then available) in the following order of priority and deposit such amount into the Senior Debt Service Payment Sub-Account for application in accordance with the Collateral Agency Agreement: first, from the Distribution Account; second, from the applicable sub-account(s) of the Debt Service Reserve Account; and third, from the Major Maintenance Reserve Account. If on any Monthly Funding Date (or any other date on which any amounts constituting Senior Debt Service are due and payable), the amount available in the Senior Debt Service Payment Sub-Account (after giving effect to all relevant transfers from the applicable Project Accounts, including those specified in first through third above) is insufficient to pay the amounts specified in the preceding paragraph which are then due and payable, the Collateral Agent will transfer the funds to the persons or accounts specified in the relevant Funds Transfer Certificate on a pro rata basis, based on the relative outstanding principal amount of the Senior Obligations then due and payable.

Debt Service Reserve Account

(a) The Debt Service Reserve Account and, in particular, each sub-account thereof, will be created solely for the benefit of the applicable Senior Creditors as designated in writing by the Company to the Collateral Agent. Each such sub-account will not be subject to any lien in favor of any person other than such applicable designated Senior Creditors and will be held by the Collateral Agent for the exclusive benefit of only such parties. The 2017 Bonds Debt Service Reserve Sub-Account will be created and established within the Debt Service Reserve Account in the name of the Company and solely for the benefit of the Owners and the Trustee. The Company is entitled to open new sub-accounts of the Debt Service Reserve Account by providing the Collateral Agent with instructions in respect of the same for any Additional Senior Obligations. Amounts will be deposited into any such sub-accounts at the direction of the Company in accordance with and to the extent permitted by, the Collateral Agency Agreement.

(b) The 2017 Bonds Debt Service Reserve Sub-Account will be funded by the Company (or directly funded by the Equity Participants under the terms of the Equity Contribution Agreement) on the Project Substantial Completion Date so that the amounts on deposit in such account are equal to at least the Debt Service Reserve Required Balance as of such date, and the Collateral Agent will be authorized to transfer monies in the required amount from the Proceeds Account and the Operating Account (at the instruction of the Company) to the 2017 Bonds Debt Service Reserve Sub-Account on such date, in each case to the extent of available funds; provided that in no event (and at no time) will any amounts on deposit (or which were on deposit prior to being transferred to the Proceeds Account) in the Bonds Sub-Account, the Costs of Issuance Sub-Account or the Bonds Interest Reserve Sub-Account be applied to fund the Debt Service Reserve Account. Thereafter, the Collateral Agent will cause amounts in the Proceeds Account, to the extent available, to be deposited in accordance with clause Seventh of the Flow of Funds into the applicable

sub-account of the Debt Service Reserve Account from time to time as may be necessary to maintain the applicable Debt Service Reserve Required Balance. The Company will not be required to fund any deficiencies in the required balance of the Debt Service Reserve Account prior to making quarterly distributions from the Distribution Account on any Distribution Date (that is not also a Calculation Date) on which the applicable Distribution Conditions are met. See —“*Distribution Account*.” Except as described below, any amounts on deposit in any applicable sub-account of the Debt Service Reserve Account in excess of the applicable Debt Service Reserve Required Balance will be transferred to the Proceeds Account. Notwithstanding anything to the contrary in any Financing Document, the failure by the Company to deposit the required funds on the Project Substantial Completion Date or any such other date under any Additional Financing Document or to maintain the applicable Debt Service Reserve Required Balance due to an insufficiency of Project Revenues for deposit into any applicable sub-account of the Debt Service Reserve Account and the unavailability of other sources of funding therefor will not be considered to be a default or an Event of Default under any Financing Document.

(c) Except as described in paragraph (d) below, monies on deposit in a sub-account of the Debt Service Reserve Account will be used by the Collateral Agent (without the requirement of a Funds Transfer Certificate) as follows:

- (i) In the event funds on deposit in the Senior Debt Service Payment Sub-Account are insufficient to fully pay all amounts of Senior Debt Service on the Senior Obligations to which such sub-account relates and that are due and payable on any date (after giving effect to the transfers contemplated by clauses Sixth and Seventh of the Flow of Funds and funding the Debt Service Payment Sub-Account as required in accordance with the Collateral Agency Agreement (from the Distribution Account) as of such date), funds in an amount equal to such insufficiency will be transferred from the applicable sub-account of the Debt Service Reserve Account relating solely to such Senior Obligations to the Senior Debt Service Payment Sub-Account for application to the Senior Creditors in respect of Senior Debt Service in accordance with, and in the priority set forth in, “—*Debt Service Payment Account*” above.
- (ii) Following the taking of an Enforcement Action against the Collateral, monies on deposit in each sub-account of the Debt Service Reserve Account will be applied in the manner described under “—*Collateral and Remedies—Application of Proceeds*” below.

(d) Notwithstanding any other provision of the Collateral Agency Agreement and upon notice to the Trustee and Collateral Agent, the Company may substitute for all or any portion of the cash or Permitted Investments on deposit in a sub-account of the Debt Service Reserve Account, one or more Acceptable Letters of Credit in an amount equal to the amount of cash or Permitted Investments so substituted in such sub-account; provided, that to the extent that the Company subsequently substitutes cash for all or any portion of an Acceptable Letter of Credit, any such Acceptable Letter of Credit will be immediately returned or reduced in an amount equal to such cash so provided. If the Company reduces or replaces all or a portion of the Debt Service Reserve Required Balance with an Equity Participant provided Non-Recourse Acceptable Letter of Credit, the amount so reduced or replaced will be paid directly to the Equity Participant that provided said Non-Recourse Acceptable Letter of Credit without any condition or restriction. If the Company reduces or replaces all or a portion of the Debt Service Reserve Required Balance with a Recourse Acceptable Letter of Credit, the amount so reduced or replaced will be transferred to the Proceeds Account. Any repayment or reimbursement obligation under any such Acceptable Letter of Credit will be payable as set forth in clause Seventh of the Flow of Funds, to the extent such payment is permitted by the terms of such provision.

(e) The Collateral Agent will (without further direction from the Company) draw on any Acceptable Letter of Credit provided in accordance with clause (d) above if: (i) such letter of credit is not replaced at least thirty (30) days prior to its expiry, (ii) such letter of credit is not replaced within sixty (60) days after being notified by the Company that the letter of credit is no longer an Acceptable Letter of Credit, or (iii) at any time funds are payable out of a sub-account of the Debt Service Reserve Account and then only to the extent that there is not sufficient cash then on deposit in such account (and only in the amount of the shortfall for which there is not sufficient cash on deposit). Funds drawn from any Acceptable Letter of Credit provided in accordance with clause (d) above will be deposited into the applicable sub-account of the Debt Service Reserve Account.

Major Maintenance Reserve Account

(a) The Major Maintenance Reserve Account will be funded by the Company (or directly funded by the Equity Participants under the terms of the Equity Contribution Agreement) commencing on the Project Substantial Completion Date so that the amounts on deposit in such account, to the extent of available funds, are at least equal to the Major Maintenance Reserve Required Balance, and the Collateral Agent is authorized by the Collateral Agency Agreement to transfer monies in the required amount from the Proceeds Account and the Operating Account (at the instruction of the Company) to the Major Maintenance Reserve Account on such date, in each case to the extent of available funds. The Collateral Agent will thereafter, in accordance with the Flow of Funds, cause amounts in the Proceeds Account, to the extent available, to be deposited into the Major Maintenance Reserve Account from time to time as will be necessary to maintain the Major Maintenance Reserve Required Balance. All amounts on deposit in the Major Maintenance Reserve Account will be available exclusively for funding (i) Major Maintenance Costs, (ii) Required Capital Expenditures and (iii) in the event that funds on deposit in the Proceeds Account are insufficient to fund the transfers contemplated by clauses Fifth and Sixth of the Flow of Funds at the times required thereby, funds on deposit in the Major Maintenance Reserve Account will be transferred and paid to Secured Creditors only in accordance with, and in the priority set forth in, such clauses and paragraph (c) First and Second under “—The Project Accounts —Debt Service Payment Account” above. No amounts on deposit in the Major Maintenance Reserve Account will be available for any other purpose, except as described under “—Collateral and Remedies —Application of Proceeds” below. Except as provided in paragraph (c) below, any amounts on deposit in the Major Maintenance Reserve Account in excess of the Major Maintenance Reserve Required Balance will be transferred to the Proceeds Account. Notwithstanding anything to the contrary in any Financing Document, the failure by the Company to deposit the required funds on the Project Substantial Completion Date or to maintain the Major Maintenance Reserve Required Balance due to an insufficiency of Project Revenues for deposit into the Major Maintenance Reserve Account and the unavailability of other sources of funding therefor will not be considered to be a default of an Event of Default under any Financing Document.

(b) On each Monthly Funding Date on which Major Maintenance Costs and/or Required Capital Expenditures are due and payable or reasonably expected to become due and payable prior to the next succeeding Monthly Funding Date, monies on deposit in the Major Maintenance Reserve Account (up to the aggregate amount of such costs) will be transferred to the Operating Account as described under “—Withdrawal and Application of Funds; Priority of Transfers from Project Accounts; Event of Default” below and used by the Company to pay such Major Maintenance Costs and/or Required Capital Expenditures as and when requested in writing by the Company.

(c) Notwithstanding any other provision of the Collateral Agency Agreement and upon notice to the Collateral Agent and Trustee, the Company may substitute for all or any portion of the cash or Permitted Investments on deposit in the Major Maintenance Reserve Account, one or more Acceptable Letters of Credit in an amount equal to the amount of cash or Permitted Investments so substituted in the Major Maintenance Reserve Account; provided that to the extent that the Company subsequently substitutes cash for all or any portion of an Acceptable Letter of Credit provided in accordance with the Collateral Agency Agreement, any such Acceptable Letter of Credit will be immediately returned or reduced in an amount equal to such cash so provided. If the Company reduces or replaces all or a portion of the Major Maintenance Reserve Required Balance with an Equity Participant provided Non-Recourse Acceptable Letter of Credit, the amount so reduced or replaced will be paid directly to the Equity Participant that provided said Non-Recourse Acceptable Letter of Credit without any condition or restriction. If the Company reduces or replaces all or a portion of the Major Maintenance Reserve Required Balance with a Recourse Acceptable Letter of Credit, the amount so reduced or replaced will be transferred to the Proceeds Account. Any repayment or reimbursement obligation under such Acceptable Letter of Credit will be payable as set forth in clause Eighth of the Flow of Funds, to the extent such payment is permitted by the terms of such provision.

(d) The Collateral Agent will (without further direction from the Company) draw on any Acceptable Letter of Credit provided in accordance with clause (c) above: (i) in full, if such letter of credit is not replaced thirty (30) days prior to expiry thereof, (ii) in full, if such letter of credit is not replaced sixty (60) days after being notified by the Company the letter of credit is no longer an Acceptable Letter of Credit, or (iii) at any time funds are payable out of the Major Maintenance Reserve Account and then only to the extent that there is not sufficient cash then on deposit in such account (and only in the amount of the shortfall for which there is not sufficient cash on deposit). Funds drawn from an Acceptable Letter of Credit provided in accordance with the preceding clause (c) will be deposited into the Major Maintenance Reserve Account.

Distribution Account

(a) The Distribution Account will be funded in accordance with and subject to clause Eleventh of the Flow of Funds.

(b) In the event that amounts on deposit in the Proceeds Account are insufficient at any time to pay in full the amounts described in clauses First through Tenth of the Flow of Funds, the Collateral Agent will use the funds in the Distribution Account to pay, after applying amounts on deposit in the Proceeds Account, such remaining amounts in the priority set forth in the Flow of Funds.

(c) Funds on deposit in the Distribution Account will be distributed as directed by the Company in writing in its sole discretion on any Distribution Date and on any day thereafter prior to the immediately succeeding Distribution Date; provided that all of the following conditions are satisfied on or as of such Distribution Date:

- (i) all transfers and distributions required to be made pursuant to clauses First through Tenth of the Flow of Funds on or prior to such Distribution Date have been satisfied in full (including (1) if such Distribution Date is not also a Payment Date, the transfers to the Bonds Debt Service Interim Payment Sub-Account or any other sub-account of the Debt Service Payment Account required under paragraph (d) below and (2) if such Distribution Date is not also a Calculation Date, the Major Maintenance Reserve Account and each sub-account of the Debt Service Reserve Account are funded with an amount equal to the Major Maintenance Reserve Required Balance and the Debt Service Reserve Required Balance respectively calculated as of the most recent preceding Calculation Date, less any amounts spent for Major Maintenance Costs and Required Capital Expenditures pursuant to the Collateral Agency Agreement);
- (ii) no default or Event of Default has occurred and is continuing;
- (iii) Project Substantial Completion has been achieved; and
- (iv) the Company provides a written certification that (a) for the Calculation Period ending on such Distribution Date, the Senior Debt Service Coverage Ratio as of the last date of such Calculation Period was 1:10:1.00 or greater and (b) for the Calculation Period ending on the twelve-month anniversary of such Distribution Date, the Projected Senior Debt Service Coverage Ratio is 1.10:1.00 or greater;

and the Company delivers to the Collateral Agent and the Trustee a Funds Transfer Certificate which specifically certifies that these conditions have been met. If the Distribution Conditions have not been satisfied on any Distribution Date, amounts available after payment in full of the amounts described in clauses First through Tenth in the Flow of Funds, will remain on deposit in the Proceeds Account.

(d) If on any Distribution Date (i) all of the Distribution Conditions have been satisfied on or as of such Distribution Date and (ii) such Distribution Date is not also a Payment Date, then prior to making payment to the Distribution Account pursuant to clause Eleventh of the Flow of Funds or any of the distributions or transfers contemplated herein, the Company must transfer or otherwise deposit, or cause to be transferred or otherwise deposited, into, (i) the Bonds Debt Service Interim Payment Sub-Account an amount equal to the amount of Senior Debt Service in respect of the Senior Obligations under the Loan Agreement due and payable on the next succeeding Calculation Date multiplied by 50% and (ii) any other sub-account(s) established as a sub-account to the Debt Service Payment Account an amount, for each such sub-account, equal to the amount of Senior Debt Service in respect of the Additional Senior Obligations for which such sub-account was created that is due and payable under the relevant Financing Documents on the next succeeding Calculation Date multiplied by 50%.

Operating Account

The Operating Account will be a special deposit account maintained with the Deposit Account Bank, on which checks may be written by the Company without further notice or requisition. The Company may transfer to the Operating Account (i) any amounts available under clauses Second, Third and Ninth of the Flow of Funds and will thereafter apply such funds in the Operating Account for the payment of (A) Operations and Maintenance Expenses, (B) Required Capital Expenditures, (C) Major Maintenance Costs, (D) solely to the extent that amounts have been transferred to the Operating Account pursuant to clause Ninth of the Flow of Funds, Discretionary Capital Expenditures and (E) at all times prior to the Project Substantial Completion Date, for the payment of Project Costs, in each case in accordance with the terms of the Collateral Agency Agreement together with any Progress Payments received by the Company, (ii) any amounts as described above under “—*Construction Proceeds Account*” together with any Progress Payments received by the Company and will thereafter apply such funds for the payment of Project Costs and (iii) any amounts as described under “—*Major Maintenance Reserve Account*” and will thereafter apply such funds for the payment of Major Maintenance Costs and/or Required Capital Expenditures. The Operating Account may also be funded directly by the Equity Participants under the terms of the Equity Contribution Agreement and the Company has agreed to apply such funds for the payment of Project Costs. For clarity and notwithstanding the above, but subject to any restriction related thereto set forth in the Collateral Agency Agreement, the Company will be entitled to apply monies on deposit in the Operating Account in order to fund the initial deposit of the Debt Service Reserve Required Balance and the initial deposit of the Major Maintenance Reserve Required Balance.

Funds as Collateral

Any deposit made into the Project Accounts (except through clerical or other manifest error or in a manner that is otherwise inconsistent with the Collateral Agency Agreement) will be irrevocable and all cash, cash equivalents, Permitted Investments instruments, investments and other securities on deposit in the Project Accounts will be subject to a security interest in favor of the Collateral Agent (on behalf of the Secured Parties) and, other than with respect to the Operating Account, and will be held by the Collateral Agent as collateral for the benefit of the Secured Parties.

Investment

Funds in the Project Accounts may be invested and reinvested only in Permitted Investments, at the risk and expense of the Company, in accordance with written instructions given to the Collateral Agent by the Company (prior to the occurrence of an Event of Default and, thereafter (so long as such Event of Default will be continuing), as directed by the Trustee) and, unless an Event of Default has occurred and is continuing, the Company is entitled to instruct the Collateral Agent to liquidate Permitted Investments for purposes of effecting any such investment or reinvestment or for any other purpose permitted under the Collateral Agency Agreement. The Collateral Agent will not be liable for any loss resulting from any Permitted Investment or the sale or redemption thereof made in accordance with the terms of the Collateral Agency Agreement.

Withdrawal and Application of Funds; Priority of Transfers from Project Accounts; Event of Default

(a) Except as described in —“*Debt Service Payment Account*”, —“*Debt Service Reserve Account*”, —“*Termination Proceeds*,” and paragraph (d) below, each withdrawal or transfer of funds from the Project Accounts (other than from the Operating Account) by the Collateral Agent on behalf of the Company in accordance with the Collateral Agency Agreement will be made pursuant to an executed Funds Transfer Certificate, which certificate will be provided and prepared by the Company in accordance with the terms of the Collateral Agency Agreement and will contain a certification by the Company that such withdrawal or transfer complies with the requirements of the Collateral Agency Agreement.

(b) Unless a shorter period is acceptable to both the Collateral Agent and the Trustee, such Funds Transfer Certificate relating to each applicable Project Account (other than the Distribution Account and the Major Maintenance Reserve Account) will be delivered to the Collateral Agent (with a copy to the Trustee) no later than four Business Days prior to each date on which funds are proposed to be withdrawn from the applicable Project Account or transferred from a Project Account to another Project Account in accordance with the Collateral Agency Agreement. The Collateral Agent will comply with any such Funds Transfer Certificate; provided, that if any withdrawal or transfer of funds is not in compliance with the Collateral Agency Agreement or the other Financing Documents, the

Collateral Agent will notify the Company in writing of such noncompliance and the Company will not be entitled to cause such proposed withdrawal until such time as it has submitted a revised Funds Transfer Certificate which complies with the terms of the Collateral Agency Agreement or the other Financing Documents; and provided further, that the failure to give any such notice will not be deemed to be an approval of the proposed withdrawal or transfer or to be a waiver of any rights of the Secured Parties with respect thereto.

(c) For the avoidance of doubt, subject to the following paragraph, the Company will have the right to withdraw or cause to be transferred funds from the Operating Account, solely for the purposes referred to in the Collateral Agency Agreement and including, for the avoidance of any doubt, the funding of the initial deposits of each of the Debt Service Reserve Required Balance and the Major Maintenance Reserve Required Balance, at any time without any approval or consent of the Trustee, the Collateral Agent or any other person, so long as such withdrawal is effected in accordance with the terms of the Collateral Agency Agreement.

(d) Notwithstanding anything to the contrary contained in the Collateral Agency Agreement, upon receipt of a notice of an Event of Default (and during the continuance of the related Event of Default), the Trustee may (acting in accordance with the Indenture), in connection with the taking of an Enforcement Action, without consent of the Company, instruct the Collateral Agent in writing to apply the proceeds of the Project Accounts to the payment of Secured Obligations, in accordance with the terms of the Indenture and in the order set forth under “—Collateral and Remedies—*Application of Proceeds*,” below, so long as such payments are on account of amounts due under the Financing Documents; provided that any time prior to the taking of an Enforcement Action, proceeds of the Project Accounts will be applied in the order described under “—The Project Accounts—*Proceeds Account*” above; provided, further that funds on deposit in the Construction Proceeds Account and the Debt Service Reserve Account may only be applied in accordance with the provisions of the Collateral Agency Agreement described above under “—*Construction Proceeds Account*,” and “—*Debt Service Reserve Account*,” respectively.

(e) The Collateral Agent will not be obligated to monitor or verify (i) the accuracy of any Funds Transfer Certificate or other written instructions provided to the Collateral Agent for the transfer or deposit of funds with respect to any Project Account, or (ii) the use of amounts withdrawn from the Project Accounts pursuant to written instructions given by the Company.

Termination of Project Accounts

Upon the satisfaction in full of the Secured Obligations as confirmed in writing by the Trustee, the Collateral Agency Agreement will terminate, and the Collateral Agent will, within thirty (30) days of receipt of a request from the Company and at the expense of the Company, close the Project Accounts (other than the Operating Account which will remain at the full discretion of the Company) and/or liquidate any investments credited thereto and/or transfer the funds deposited therein or credited thereto, as directed by the Company. Thereafter, the Collateral Agent will be released from any further obligation to (a) comply with entitlement orders originated by the Trustee to the extent that any of the Project Accounts (other than the Operating Account) is a “securities account” under the applicable provision of the UCC or (b) comply with instructions originated by the Trustee to the extent that any of the Project Accounts (other than the Operating Account) is a “deposit account” under the applicable provision of the UCC or (c) comply with any obligation under any Financing Document except as specifically provided therein. Nothing contained in this paragraph will be construed to modify or otherwise affect the Collateral Agent’s security interest in and lien on the Project Accounts and the funds therein prior to such transfer.

Securities Intermediary

(a) The Securities Accounts will be established and maintained as securities accounts with a securities intermediary. Each of the parties to the Collateral Agency Agreement, including the Trustee and the Collateral Agent, on behalf of the Secured Parties, have agreed that Deutsche Bank Trust Company Americas (or any successor thereto) will act as the Securities Intermediary under and for the purposes of the Collateral Agency Agreement and for so long as Deutsche Bank Trust Company Americas (or any successor thereto) is the Collateral Agent.

(b) The Securities Intermediary agrees that any financial assets credited to such Securities Accounts, or any “securities entitlement” (as defined in Section 8-102(a)(17) of the UCC or, with respect to book-entry securities, in the applicable Federal Book-Entry Regulations) with respect thereto, will not be subject to any security interest,

lien, encumbrance, or right of setoff in favor of the Securities Intermediary or anyone claiming through the Securities Intermediary (other than the Collateral Agent).

(c) It is the intent of the Collateral Agent and the Company that the Collateral Agent (for the benefit of the Secured Parties) be the entitlement holder with respect to the Securities Accounts. In any event, the Securities Intermediary has agreed that it will comply with entitlement orders with respect to the Securities Accounts originated by the Collateral Agent without further consent by the Company or any other person. The Securities Intermediary has covenanted that it will not agree with any person other than the Collateral Agent to comply with entitlement orders with respect to the Securities Accounts originated by such person or entity.

(d) Each Securities Account will remain at all times with a “securities intermediary” (within the meaning of Section 8-102(a)(14) of the UCC or, with respect to book-entry securities, in the applicable Federal Book-Entry Regulations) that is a bank organized under the laws of the United States or any state thereof that has offices in the State of New York with unsecured long-term debt which will be rated “A” or “A2”, but no lower than that, or the equivalent rating from any NRSRO and that has a total capital stock and unimpaired surplus of not less than \$500,000,000. The Securities Intermediary will give notice to the Collateral Agent and the Company of the location of the Securities Accounts and of any change thereof prior to the use or change thereof.

(e) Any income received by the Collateral Agent with respect to the balance from time to time on deposit in each Securities Account, including any interest or capital gains on investments made with amounts on deposit in each Securities Account, will be credited to the applicable Securities Account. All right, title and interest in and to the cash amounts on deposit from time to time in each Securities Account together with any investments made from time to time will constitute part of the Collateral for the Secured Obligations and will be held for the benefit of the Secured Parties and the Company and will not constitute payment of the Secured Obligations (or any other obligations to which such funds are provided in the Collateral Agency Agreement to be applied) until applied thereto as provided in the Collateral Agency Agreement.

(f) In the event that, notwithstanding the last sentence of clause (a) above, the Securities Intermediary has or subsequently obtains by agreement, operation of law or otherwise a security interest in any of the Securities Accounts, or any financial asset credited thereto, or any “securities entitlement” (as defined in Section 8-102(a)(17) of the UCC or, with respect to book-entry securities, in the applicable Federal Book-Entry Regulations) with respect thereto, the Securities Intermediary agrees that such security interest will be subordinate to the security interest of the Collateral Agent.

(g) Terms used in this section “—*Securities Intermediary*” that are defined in the UCC and not otherwise defined herein will have the meaning set forth in the UCC. Without limiting the foregoing, the term “securities intermediary” will, with respect to book-entry securities, have the meaning given to it under 31 C.F.R. Part 357 (sale and issue of marketable book-entry Treasury bills, notes and bonds); 12 C.F.R. Part 615 (book-entry securities of the Farm Credit Administration and related conditions); 12 C.F.R. 987 (book-entry securities of the Financial Federal Housing Board), 12 C.F.R. Part 1511 (book-entry securities of the Resolution Funding Corporation); 24 C.F.R. Part 81 (book-entry securities of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation); 31 C.F.R. Part 354 (book-entry securities of the Student Loan Marketing Association); 18 C.F.R. Part 1314 (book-entry securities of Tennessee Valley Authority); and 24 C.F.R. Part 350 (book-entry securities of Government National Mortgage Association).

(h) To the extent that the Project Accounts are not considered “securities accounts” (within the meaning of Section 8-501(a) of the UCC), the Project Accounts will be deemed to be “deposit accounts” (as defined in Section 9-102(a)(29) of the UCC), which the Collateral Agent will maintain with the Securities Intermediary acting not as a securities intermediary but as a “bank” (within the meaning of Section 9-102(a)(8) of the UCC), the jurisdiction of which, for purposes of the UCC is the State of New York. The Securities Intermediary, acting in such capacity as a bank, has agreed to comply with any and all instructions originated by the Collateral Agent directing disposition of funds in the Project Accounts without any further consent of the Company.

Change of Deposit Account Bank

(a) Upon 10 Business Days written notice to the Collateral Agent, the Company may elect to replace the Deposit Account Bank with a substitute bank; provided that such substitute bank will be organized under the laws of the United States or any state thereof having a combined capital and surplus of not less than \$500 million (or such other amount agreed to with the relevant Secured Creditors). If the Company and the Collateral Agent receive notice from the Deposit Account Bank at any time delivered in accordance with the terms of the Control Agreement that the Deposit Account Bank no longer wishes to act as a Deposit Account Bank or that it will no longer act upon the Disposition Instructions (as defined in the Control Agreement) of the Company or the Collateral Agent in accordance with the applicable Control Agreement, the Company will promptly (and, to the extent possible, prior to the effective date of such termination notice) appoint a substitute bank; provided that such substitute bank will be organized under the laws of the United States or any state thereof having a combined capital and surplus of not less than \$500 million (or such other amount agreed to with the relevant Secured Creditors) and the unsecured long-term debt of which will be rated, at the time of substitution, no lower than “A-”, “A3”, or the equivalent rating from any NRSRO. The Operating Account will at all times be maintained with a single Deposit Account Bank. The Company will promptly provide any termination notice it receives from the Deposit Account Bank to the Collateral Agent and the Trustee.

(b) To the extent the conditions set forth in clause (a) above are satisfied with respect to a substitute bank, such bank will be deemed the “Deposit Account Bank” under the Collateral Agency Agreement on the date that such substitute bank (i) executes and delivers a Control Agreement with the Company and the Collateral Agent, substantially in the form of Exhibit D to the Collateral Agency Agreement or such other form as may be reasonably acceptable to the Trustee, (ii) carries out such further acts as the Trustee may reasonably request in order to perfect the security interest of the Collateral Agent in each Project Account and the Operating Account, (iii) agrees to provide the reports similar to the reports required to be provided pursuant to paragraphs (b) and (c) under “—The Collateral Agent—*Books and Records; Reports*” above and (iv) agrees to maintain records with respect to the Operating Account.

(c) If the Company elects to replace the Deposit Account Bank with a substitute bank in accordance with the terms of the Collateral Agency Agreement, immediately upon satisfaction of the conditions set forth in paragraphs (a) and (b) above, (i) the Collateral Agent will, without further instruction, exercise its right to terminate, in accordance with the terms thereof, the control agreement with the Deposit Account Bank that is being replaced and (ii) the Company and the Collateral Agent shall instruct such Deposit Account Bank to immediately transfer all funds on deposit in the Operating Account on the date of such termination to the replacement Operating Account.

Termination Proceeds

The Company will deposit into the Proceeds Account proceeds of any payment of Termination Compensation received from the Owner or any other payment or proceeds received by the Company under the Development Agreement in respect of a termination of the Development Agreement. The Company hereby instructs the Collateral Agent (without the requirement to deliver a Funds Transfer Certificate) to apply such funds promptly, but in no event more than two (2) Business Days following such deposit, solely for the payments of the items and in the priority set forth in “—Collateral and Remedies —*Application of Proceeds*” below.

Disputes Relating to Ratio Calculations

(a) If at any time a good faith disagreement or dispute arises between the Company and the Collateral Agent as to the proper calculation of the Senior Debt Service Coverage Ratio or the Projected Senior Debt Service Coverage Ratio (including any of the inputs for the calculation thereof) for any date or period for any purposes under the Financing Documents, then the Collateral Agent and the Company will engage in good faith negotiations to resolve such disagreement or dispute. In the event that the Collateral Agent and the Company are unable to resolve such dispute within twenty (20) days following the commencement of such discussions, then the Company and the Collateral Agent will have the right to refer such disagreement or dispute to an independent expert nominated by the Company and agreed to by the Collateral Agent within five Business Days after such nomination or, if the Company and the Collateral Agent are unable to agree as to the identity of such independent expert within such period, then the Company and the Collateral Agent will each appoint an independent expert within five Business Days and such two

independent experts will be instructed within five Business Days after their appointment to elect a third such independent expert who will act as the independent expert.

(b) Each of the Company and the Collateral Agent will promptly (and in any event within five Business Days after appointment of the independent expert) submit its proposals and arguments in relation to the ratio calculation (together with any supporting documentation) to the independent expert. The independent expert will not be bound to choose either the proposal submitted by the Company or the proposal submitted by the Collateral Agent, but will be free to make its own determination of the matter referred to it; provided that the determination of the independent expert must be within the range of proposed calculations submitted by the Company and the Collateral Agent. The independent expert will be required to render its decision with respect to the applicable ratio calculation not later than fifteen (15) Business Days after submission to it of the dispute or disagreement. The independent expert's determination will (except in the case of manifest error) be final and binding on the Company and the Collateral Agent and will be evidenced in writing.

(c) The costs of any independent expert in connection with the procedures described in this section will be borne by the Company.

(d) If the proper calculation of the Senior Debt Service Coverage Ratio or the Projected Senior Debt Service Coverage Ratio is subject to the procedures of the Collateral Agency Agreement with respect to a dispute, until the final determination of such calculation pursuant to such procedures, the Company will not be permitted to take any proposed action with respect to which such ratio is required to the extent that the Collateral Agent contends in good faith that the Senior Debt Service Coverage Ratio or the Projected Senior Debt Service Coverage Ratio does meet such requirement. Notwithstanding anything to the contrary under the Collateral Agency Agreement, if the Company has been prevented from making a distribution pursuant to the Collateral Agency Agreement based on the contention that the Senior Debt Service Coverage Ratio or the Projected Senior Debt Service Coverage Ratio did not meet the requirements set forth therein, and the Company had disputed such contention in accordance with the Collateral Agency Agreement and the independent expert determines that the Senior Debt Service Coverage Ratio and the Projected Senior Debt Service Coverage Ratio do meet the requirements set forth in the Collateral Agency Agreement, then the Company will have the right to make any distribution that it had been prevented from making, without the Company having to meet any other conditions to such distribution (other than the condition described in paragraph (c)(ii) under “—The Project Accounts—*Distribution Account*” above) to the extent that the Company was in compliance with all such conditions as of the date on which it originally proposed to make such distribution.

Collateral and Remedies

Administration of Collateral

The Collateral will be held by the Collateral Agent for the benefit of the Secured Parties pursuant to the terms of the Collateral Agency Agreement and will be administered by the Collateral Agent in the manner contemplated thereby and by the other Security Documents.

Notice of Event of Default

Notwithstanding anything to the contrary contained in the Collateral Agency Agreement or any document executed in connection with any of the Secured Obligations, the Collateral Agent, unless an authorized officer thereof has actual knowledge thereof, will not be deemed to have any knowledge of any Event of Default unless and until it has received written notice from the Company, the Trustee or any other Secured Party describing such Event of Default in reasonable detail.

Enforcement of Remedies

Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent will, subject to the other provisions of the Collateral Agency Agreement and the Intercreditor Agreement, take such Enforcement Action with respect to such Event of Default as directed by the Trustee or the Intercreditor Agent, acting in accordance with the terms of the Indenture or the Intercreditor Agreement, as applicable, (with a concurrent copy to the Owner

and the Issuer) and the Security Documents (a “**Direction Notice**”); provided that, in the absence of a Direction Notice, the Collateral Agent may (but will not be obligated to) take such action (with concurrent notice thereof to the Owner and the Company), or refrain from taking such action, with respect to such Event of Default as it will deem advisable in the best interests of the Secured Parties and solely to the extent permitted under the Collateral Agency Agreement or pursuant to the other Security Documents. Upon receipt by the Collateral Agent of a Direction Notice, the Collateral Agent will seek to enforce the Security Documents (with concurrent notice thereof to the Owner and the Company) and to realize upon the Collateral in accordance with such Direction Notice; provided, however, that the Collateral Agent will not be obligated to follow any Direction Notice if the Collateral Agent reasonably determines that such Direction Notice is in conflict with any provisions of any applicable law or any Security Document, and the Collateral Agent will not, under any circumstances, be liable to any Secured Party, the Company or any other person for following a Direction Notice.

Notwithstanding the foregoing, except insofar as the Collateral Agent may collect amounts due to the Issuer or Issuer Indemnified Persons and remit the same as required by the Collateral Agency Agreement, nothing therein shall be deemed or construed to limit, impair or affect in any way the Issuer’s (or any Issuer Indemnified Person’s) right to enforce the Reserved Rights, regardless of whether there is then existing an Event of Default (including, without limitation, a payment default), or any action based thereon occasioned by an Event of Default or alleged Event of Default, and regardless of any waiver or forbearance granted by the Collateral Agent, the Trustee or any Secured Party in respect thereof.

Remedies of the Secured Creditors

Unless otherwise consented to in writing by the Trustee (acting in accordance with the terms of the Indenture), no Secured Creditor, individually or together with any other Secured Creditors, will have the right to exercise or enforce, nor will it, exercise or enforce any of the rights, powers or remedies which the Collateral Agent is authorized to exercise or enforce under the Collateral Agency Agreement or any of the other Security Documents.

Application of Proceeds

(a) Following the taking of an Enforcement Action, all proceeds received by the Collateral Agent derived from the funds set forth below pursuant to the exercise of any rights or remedies accorded to the Collateral Agent pursuant to, or by the operation of any of the terms of, any of the Security Documents, will be applied by the Collateral Agent as follows:

- (i) all proceeds attributable to (A) the Costs of Issuance Sub-Account, the Bonds Interest Reserve Sub-Account, the Bonds Sub-Account of the Construction Proceeds Account, (B) the Bonds Debt Service Interim Payment Sub-Account and (C) the 2017 Bonds Debt Service Reserve Sub-Account to the Trustee to be applied in accordance with the terms of the Indenture; and
- (ii) all Proceeds attributable to (A) any sub-accounts of the Construction Proceeds Account other than as contemplated by (i) above opened for Additional Senior Obligations, (B) any interim payment sub-account(s) opened for Additional Senior Obligations and (C) any sub-accounts of the Debt Service Reserve Account opened for Additional Senior Obligations, to the applicable Additional Senior Obligations in accordance with the relevant terms of the applicable Additional Financing Documents.

(b) Subject to the prior application of funds as provided for in the preceding paragraph, following the taking of an Enforcement Action, all proceeds received by the Collateral Agent pursuant to the exercise of any rights or remedies accorded to the Collateral Agent pursuant to, or by the operation of any of the terms of, any of the Security Documents, including loss proceeds, Termination Compensation, Capital Contributions Letter of Credit proceeds, condemnation proceeds or proceeds from the sale or disposition of Collateral or other Enforcement Action, and amounts available in or otherwise transferred from the Project Accounts, will first be applied by the Collateral Agent to reimburse the Collateral Agent for payment of the reasonable costs and necessary expenses of the Enforcement Action, including fees and reasonable and customary expenses of counsel, all reasonable expenses, liabilities, and advances made or incurred by the Collateral Agent in connection therewith, and all other amounts due to the Collateral Agent in its capacity as such, and thereafter, the remaining proceeds will be applied promptly by the Collateral Agent

as directed by the Trustee or the Intercreditor Agent, as follows, provided, that any such proceeds which are to be used to pay any amounts to the holders of the Bonds must be paid to the Trustee for deposit into the Debt Service Fund:

first, to the *pro rata* payment of all fees, costs and other expenses (including the reasonable fees, costs and expenses of counsel) owed to the Trustee, the Issuer, the Intercreditor Agent, the Collateral Agent and any Senior Creditor representative in connection with their performance of their obligations under the Financing Documents to which they are a party and their consummation of the transactions contemplated thereby (in each case, to the extent not previously satisfied);

second, to the *pro rata* payment of all accrued and unpaid interest (including default interest) on all Senior Obligations;

third, if any unpaid principal of any Senior Obligations has become due (by acceleration or otherwise), to the *pro rata* payment of such unpaid principal amounts;

fourth, to the *pro rata* payment of all other amounts, if any, due and payable under any Financing Document with respect to any Senior Obligations; and

fifth, upon the payment in full of all Secured Obligations in accordance with clauses first through fourth hereof, to pay to the Company, or as may be directed by the Company, or as a court of competent jurisdiction may direct, any proceeds then remaining.

(c) If at any time any Secured Party will for any reason obtain any payment or distribution upon or with respect to the Secured Obligations contrary to the terms of the Collateral Agency Agreement, whether as a result of the Collateral Agent's exercise of any Enforcement Action in respect of the Collateral or otherwise, such Secured Party agrees that it will have received such amounts in trust, and will promptly remit such amount so received in error to the Collateral Agent to be applied in accordance with the terms of the Collateral Agency Agreement.

Miscellaneous Provisions

Amendments; Waivers

(a) Any term, covenant, agreement or condition of the Collateral Agency Agreement or any of the other Security Documents may be amended or waived only by an instrument in writing signed by each of the Collateral Agent (acting upon the instruction of the Trustee), the Company and the Trustee (acting in accordance with the terms of the Indenture) or the Intercreditor Agent, as applicable; provided that:

- (i) only the Trustee or the Intercreditor Agent, as applicable, may waive any rights of the Trustee or the Intercreditor Agent, as applicable, under any provision of the Collateral Agency Agreement;
- (ii) no consent to any departure by the Company from the Collateral Agency Agreement (or the Security Documents) will be effective unless in writing signed by the applicable parties specified in the Collateral Agency Agreement, and each such waiver or consent will be effective only in the specific instance and for the specific purpose for which given;
- (iii) the consent of the Issuer is required for any amendment to the Flow of Funds, “—Collateral and Remedies—Enforcement of Remedies” and this section that would materially impact the rights or obligations of the Issuer, or any other amendment to the Collateral Agency Agreement that would materially modify the rights or obligations of the Issuer (such determination not to be made by the Collateral Agent or the Trustee);
- (iv) the consent of the Securities Intermediary will be required for any amendment to the “Securities Intermediary” provisions of the Collateral Agency Agreement described under

“—*Securities Intermediary*” above or any other amendment that would modify the rights or obligations of the Securities Intermediary; and

- (v) an opinion of Bond Counsel will be required in respect of any amendment affecting the investment or application of proceeds or gross proceeds of the Bonds to the effect that such amendment would not adversely affect the exclusion from gross income of the Beneficial Owners for federal income tax purposes of interest on the Series 2017 Bonds or any Additional Senior Obligations.

(b) The waiver (whether express or implied) by the Collateral Agent of any breach of the terms or conditions of the Collateral Agency Agreement, and the consent (whether express or implied) of any Secured Party will not prejudice any remedy of the Collateral Agent or any Secured Party in respect of any continuing or other breach of the terms and conditions of the Collateral Agency Agreement, and will not be construed as a bar to any right or remedy which the Collateral Agent or any other Secured Party would otherwise have on any future occasion under the Collateral Agency Agreement.

(c) No failure to exercise nor any delay in exercising, on the part of the Collateral Agent or any other Secured Party, of any right, power or privilege under the Collateral Agency Agreement will operate as a waiver thereof; further, no single or partial exercise of any right, power or privilege under the Collateral Agency Agreement will preclude any other or further exercise thereof or the exercise of any other right, power or privilege available to it. All remedies under the Collateral Agency Agreement and under the other Security Documents are cumulative and are not exclusive of any other remedies that may be available to the Collateral Agent, whether at law, in equity or otherwise.

Governing Law

The Collateral Agency Agreement and all rights and obligations of the parties thereunder will be governed by and construed in accordance with the substantive laws of the State of New York.

Collateral Agent's Rights

(a) If at any time the Collateral Agent is served with any judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process which in any way affects the Collateral (including, but not limited to, orders of attachment or garnishment or other forms of levies or injunctions or stays relating to the transfer of such property), the Collateral Agent is authorized to comply therewith in any manner it or legal counsel of its own choosing reasonably deems appropriate; and if the Collateral Agent complies with any such judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process, the Collateral Agent will not be liable to any of the parties to the Collateral Agency Agreement or to any other person or entity even though such order, judgment, decree, writ or process may be subsequently modified or vacated or otherwise determined to have been without legal force or effect.

(b) In the event of any dispute between or conflicting claims by or among the Company, the Secured Parties and/or any other person or entity with respect to any property being held by the Collateral Agent in connection with the Collateral Agency Agreement or the other Security Documents, the Collateral Agent will be entitled, in its sole discretion, to refuse to comply with any and all claims, demands or instructions with respect to such property so long as such dispute or conflict will continue, and the Collateral Agent will not be or become liable in any way to the Company, the Secured Parties or any other party for failure or refusal to comply with such conflicting claims, demands or instructions. The Collateral Agent will be entitled to refuse to act until, in its sole discretion, either (i) such conflicting or adverse claims or demands will have been determined by a final order, judgment or decree of a court of competent jurisdiction, which order, judgment or decree is not subject to appeal, or settled by agreement between the conflicting parties as evidenced in a writing reasonably satisfactory to the Collateral Agent, (ii) the disputing parties provide joint written instructions to the Collateral Agent, or (iii) the Collateral Agent will have received security or an indemnity reasonably satisfactory to it sufficient to hold it harmless from and against any and all losses which it may incur by reason of so acting. Any court order, judgment or decree will be accompanied by a certification of the presenting party to the effect that said order, judgment or decree represents a final adjudication of the rights of the parties by a court of competent jurisdiction, and that the time for appeal from such order, judgment or decree has

expired without an appeal having been perfected. The Collateral Agent will act on such court order and certification without further question.

(c) To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. When any account or sub-account is opened, the Collateral Agent will be entitled to such information that will allow it to identify relevant parties.

(d) Whenever reference is made in the Collateral Agency Agreement to any action by consent, designation, specification, requirement or approval of, notice, request or other communication from, or other direction given or action to be undertaken or to be (or not to be) suffered or omitted by the Collateral Agent, or to any election, decision, opinion, acceptance, use of judgment, expression of satisfaction or other exercise of discretion, rights or remedies to be made (or not to be made) by the Collateral Agent, it is understood that in all cases the Collateral Agent will be fully justified in failing or refusing to take any such action under the Collateral Agency Agreement if it has not received such advice or concurrence of the Trustee (acting at the direction of the majority of the Bondholders, in accordance with the Indenture).

Intercreditor Agreement

Subject to certain restrictions in the Indenture and the Loan Agreement, the Company may incur Additional Senior Obligations, which will be secured by Collateral. To the extent any Additional Senior Obligations incurred are obligations other than Additional Parity Bonds, the Trustee on behalf of the Beneficial Owners, the Collateral Agent, the Intercreditor Agent and the Senior Creditor Representative in respect of such Additional Senior Obligations shall execute an Intercreditor Agreement. Upon the execution of such Intercreditor Agreement, any references in the Collateral Agency Agreement to the Trustee providing consent, direction or request to the Company or the Collateral Agent or signing any amendment or waiver under the Collateral Agency Agreement, will be deemed to be references to the Intercreditor Agent named under the executed Intercreditor Agreement providing such consent, direction or request or signing such amendment or waiver and the role of the Trustee under the Collateral Agency Agreement shall be replaced by the Intercreditor Agent. Upon execution of such Intercreditor Agreement, the Collateral Agent and the Company will provide a copy to the Intercreditor Agent of any notices that the Collateral Agent or the Company provides to the Trustee as required under the Collateral Agency Agreement.

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of selected provisions of the Indenture and is not a full statement of the terms of such agreement. Accordingly, the following summary is qualified in its entirety by reference to such agreement and is subject to the full text of such agreement. A copy of such agreement is available, free of charge, upon request from the Company or the Trustee. Unless otherwise stated, any reference in this Official Statement to any agreement means such agreement and all schedules, exhibits and attachments thereto, as amended, supplemented or otherwise modified and in effect as of the date hereof.

The parties will enter into the Indenture to provide for the issuance of bonds for the purpose of providing the Loan pursuant to the Loan Agreement to the Company, which will be used by the Company to finance a portion of the cost of the Project.

Grant of Trust Estate

The Issuer, in consideration for the purchase of the Bonds by the Beneficial Owners and other good and valuable consideration, in order to secure the payment of the Bonds and the performance and observance of all the covenants and conditions set forth in the Bonds and the Indenture, will execute and deliver the Indenture and will pledge and assign, to the Trustee and to its successors and assigns, subject to the Security Documents, for the benefit of the Beneficial Owners, all of the following described property, franchises, rights and income, including any title or interest acquired after the date of issuance of the Bonds:

(a) all right, title and interest of the Issuer (except for Reserved Rights) under, in and to the Loan Agreement and any lien created for the benefit of the Issuer under the Security Documents, or otherwise, and the present and continuing right of the Issuer to make a claim for, collect, and receive any of the sums, amounts, income, revenues, issues and profits and any other sums of money payable or receivable under the Loan Agreement or the Security Documents (except in respect of the Reserved Rights), to bring actions and proceedings thereunder or for the enforcement thereof (except in respect of the Reserved Rights), and to do any and all things which the Issuer (or the Collateral Agent on behalf of the Trustee) is entitled to do under such Loan Agreement and Security Documents;

(b) all monies held by the Trustee under the Indenture in any Fund or Account other than (i) the Rebate Fund, (ii) any Defeasance Escrow Account, and (iii) any rebate fund established for Additional Parity Bonds;

(c) subject to the Collateral Agency Agreement and the Intercreditor Agreement (if any), the interest of the Issuer, and any lien created for the benefit of the Issuer, in all funds deposited from time to time and earnings thereon in the Project Accounts (other than the Distribution Account) and any and all other accounts established from time to time pursuant to the Collateral Agency Agreement, and any and all sub-accounts created thereunder, each held by the Collateral Agent under the Collateral Agency Agreement;

(d) proceeds of the foregoing and any and all other property, revenues, rights or funds thereafter received from time to time under the Indenture by delivery or by writing of any kind specially granted, assigned or pledged as and for additional security for any of the Bonds or the Loan Agreement in favor of the Trustee or the Collateral Agent on behalf of the Trustee, including any of the foregoing granted, assigned or pledged by the Company or any other person on behalf of the Company, and the Trustee or Collateral Agent on behalf of the Trustee, which has been authorized under the Indenture to receive any and all property at any and all times and to hold and apply the same subject to the terms of the Indenture and the terms of the Collateral Agency Agreement; and

(e) SUBJECT ONLY TO THE RIGHTS OF ISSUER TO APPLY AMOUNTS UNDER THE PROVISIONS OF THE INDENTURE, THE PLEDGE AND ASSIGNMENT OF THE TRUST ESTATE THEREBY MADE IMMEDIATELY ATTACHES THERETO AND SHALL BE EFFECTIVE, BINDING AND ENFORCEABLE FROM AND AFTER THE TIME OF THE DELIVERY BY THE TRUSTEE OF THE FIRST BONDS AUTHENTICATED AND DELIVERED UNDER THE INDENTURE. THE SECURITY SO PLEDGED

AND ANY ASSIGNMENT THEN OR THEREAFTER RECEIVED BY THE TRUSTEE FROM THE ISSUER AS SECURITY FOR THE BONDS WILL IMMEDIATELY BE SUBJECT TO THE LIEN OF SUCH PLEDGE AND ASSIGNMENT AND THE LIEN OF SUCH PLEDGE AND ASSIGNMENT WILL BE VALID AND BINDING AGAINST THE ISSUER, PURCHASERS THEREOF, CREDITORS AND ALL OTHER PARTIES HAVING CLAIMS AGAINST THE ISSUER IRRESPECTIVE OF WHETHER SUCH PARTIES HAVE NOTICE THEREOF AND WITHOUT THE NEED FOR ANY PHYSICAL DELIVERY, RECORDATION, FILING, OR FURTHER ACT.

Bonds Secured on Equal and Proportionate Basis

The Trust Estate will be held by the Trustee for the equal and proportionate benefit of the Beneficial Owners and any of them, without preference, priority or distinction as to lien or otherwise on the terms set forth therein.

Application of Proceeds of Sale of the Bonds

Upon the Trustee's receipt of the net proceeds of the sale of the Bonds, the Trustee will immediately transfer such amounts to the Collateral Agent and direct the Collateral Agent to deposit such funds to the credit of the Bonds Sub-Account of the Construction Proceeds Account, the Bonds Interest Reserve Sub-Account of the Construction Proceeds Account and the Costs of Issuance Sub-Account of the Construction Proceeds Account in accordance with the Collateral Agency Agreement.

Limited Obligations

The issuance of Bonds will not be deemed to constitute a debt or a pledge of the faith and credit of the State and neither the faith and credit nor the taxing power of the State or any political subdivision thereof will be pledged to the payment of the bonds. The Issuer has no taxing power. The indebtedness of the Company created under the Loan Agreement and the Bonds does not constitute an indebtedness of the State or its political subdivisions and does not involve and is not secured by the faith, credit or taxing power of the State or its political subdivisions.

Open Market Purchases

(a) At any time, and from time to time, the Company may, to the extent permitted by applicable law, purchase Bonds in the open market, on an exchange or by tender or by private agreement at any price. Any purchase of Bonds by tender will be made available to all owners of such Bonds. Any Bonds so purchased may be held by or for the account of the Company, and the Company may surrender such Bonds to the Trustee for cancellation.

(b) Bonds owned or held for the account of the Issuer or the Company will not be deemed outstanding for the purpose of any consent or other action or any calculation of outstanding Bonds provided for in the Indenture, and will not be entitled to consent to or take any other action provided for in the Indenture.

Debt Service Fund

(a) The Indenture creates with the Trustee a special fund designated as the "Denver International Airport Great Hall Project Debt Service Fund", and within the Debt Service Fund, three special accounts designated (i) the "Interest Account", (ii) the "Principal Account" and (iii) the "Redemption Account".

(b) There will be deposited into the appropriate Account of the Debt Service Fund: (i) amounts remitted or transferred to such Account from the Proceeds Account pursuant to the Collateral Agency Agreement; (ii) any monies paid to the Trustee pursuant to the Indenture; (iii) any amounts remitted or transferred to such Account from the Bonds Interest Reserve Sub-Account, the Bonds Sub-Account or the Costs of Issuance Sub-Account of the Construction Proceeds Account pursuant to the Collateral Agency Agreement; (iv) any amounts remitted or monies transferred to such Account from the Senior Debt Service Payment Sub-Account or the Bonds Debt Service Interim Payment Sub-Account of the Debt Service Payment Account pursuant to the Collateral Agency Agreement; (v) any amounts remitted or transferred to such Account from the Termination Compensation sub-account of the Proceeds Account pursuant to the Collateral Agency Agreement; (vi) any monies deposited into such Account pursuant to the

Indenture and the Collateral Agency Agreement; (vii) any monies deposited into such Account from the Construction Proceeds Account pursuant to the Collateral Agency Agreement; and (viii) all other monies received by the Trustee that are accompanied by directions from the Collateral Agent or the Company that such monies are to be deposited into such Account. To the extent that, on any applicable Debt Service Payment Date, there are insufficient funds on deposit in the Debt Service Fund to make the applicable required payments of principal and interest on the Bonds, then the Trustee will transfer monies between the Interest Account and the Principal Account with the following order of priority, first, to the Interest Account until such Account is sufficiently funded and second, to the Principal Account.

(c) Monies in each Account of the Debt Service Fund will be used solely for the *pro rata* payment (within each Account, with amounts in respect of interest having priority over amounts in respect of principal) of, as applicable, the principal of and interest on and the Redemption Price of the Bonds; provided, that (A) monies paid by the Issuer for the redemption of the Bonds will be used to pay the Redemption Price of the Bonds; and (B) monies held in such Account of the Debt Service Fund following and during the continuance of an Event of Default will be used as described in “Use of Monies Received from Exercise of Remedies” below.

Rebate Fund

The Indenture will create with the Trustee a special fund to be designated as the “Denver International Airport Great Hall Project Rebate Fund.” The Rebate Fund will be for the sole benefit of the United States and will not be subject to the claim of any other person, including without limitation, the Beneficial Owners. The Rebate Fund will be established for the purpose of complying with Section 148 of the Code and the U.S. Treasury regulations promulgated pursuant thereto. There will be deposited into the Rebate Fund all amounts transferred to such Rebate Fund pursuant to the Federal Tax Certificate and the Collateral Agency Agreement. The Rebate Fund is not a portion of the Trust Estate and is not subject to any lien under the Indenture.

Monies to be Held in Trust

The Debt Service Fund and any other Fund or Account created under the Indenture (excluding the Rebate Fund and any Defeasance Escrow Account), will be held by the Trustee, for the benefit of the Beneficial Owners of the Bonds as specified in the Indenture. The Rebate Fund will be held by the Trustee for the purpose of making payments to the United States of America in accordance with the federal tax laws. Any Defeasance Escrow Account will be held solely for the benefit of the Beneficial Owners of the Bonds to be paid therefrom as provided in the agreement governing such Defeasance Escrow Account.

Investment of Monies

(a) All monies held as part of any Fund or Account (other than the Debt Service Fund) will be deposited or invested and reinvested by the Trustee, at the written direction of the Company, in Permitted Investments; provided, however, that monies in the Debt Service Fund will be invested solely in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States), in each case maturing within one year from the date of acquisition thereof; and provided further, however, that monies in any Defeasance Escrow Account may only be invested in Defeasance Securities.

(b) Earnings from the investment of monies held in any Fund or Account and losses from the investment of monies held in any Fund or Account will be charged against the Fund or Account in which they were realized.

(c) The Trustee will sell and reduce to cash a sufficient amount of the investments held in any Fund or Account whenever the cash balance therein is insufficient to make any payment to be made therefrom.

Covenants of the Issuer

The Issuer will make representations and covenants under the Indenture, including, but not limited to the following:

(a) The Issuer will not, except as specifically permitted with respect to the Bonds pursuant to the Indenture, pledge, grant, create or permit to exist in any manner any lien on, or rights with respect to, the Trust Estate, except for a contract or agreement under which the financial obligations of the Issuer and the rights of any person to require the Issuer to make any payment are (i) limited to (A) monies in the Funds and Accounts that are to be used pursuant to such contract or agreement for the purposes for which monies in such Funds and Accounts may be used pursuant to the terms of the Indenture or (B) monies of the Issuer that are not part of the Trust Estate; and (ii) subordinate to the rights of the Beneficial Owners of the Bonds under the Indenture.

(b) The Issuer will not knowingly take any action or knowingly omit to take any action with respect to the Bonds or the Additional Parity Bonds, if any, the proceeds of the Bonds or the Additional Parity Bonds, if any, the Trust Estate, the Project or any other funds or property of the Issuer, and it will not permit, to the extent of its control, any other Person to take any action or omit to take any action with respect to the Bonds or the Additional Parity Bonds, if any, the Trust Estate, the Project or any other funds or property of the Issuer if such action or omission would cause interest on any of the Bonds to be included in gross income for federal income tax purposes. In furtherance of this covenant, the Issuer will agree to comply with the requirements of the Federal Tax Certificate for the Bonds. The covenants set forth in this clause will remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds or the Additional Parity Bonds, if any, until the date on which all of the Issuer obligations in fulfilling such covenants have been met.

(c) The Issuer will, solely from monies available therefor in the Trust Estate, pay or cause to be discharged, or make adequate provision to satisfy and discharge, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Trust Estate; provided, however, that the Issuer is not required to pay or cause to be discharged, or make provision for, any such lien or charge the validity of which is being contested in good faith by appropriate legal proceedings.

(d) Subject to the terms of the Collateral Agency Agreement, the Trustee, in its name or in the name of the Issuer may enforce, all rights of the Issuer (other than the Reserved Rights) and all obligations of the Company under and pursuant to the Loan Agreement and any Supplemental Loan Agreement (if executed) and on behalf of the Beneficial Owners, whether or not the Issuer is in default under the Indenture.

(e) The Issuer will not create, incur, assume or permit to exist any indebtedness of the Issuer secured by the Trust Estate pledged under the Indenture, other than the Bonds.

Events of Default

Any of the following will constitute an "Event of Default" under the Indenture with respect to all the outstanding Bonds:

(a) Failure to pay any portion of the principal of any outstanding Bond when due and payable;

(b) Failure to pay any portion of interest on any outstanding Bond within ten (10) Business Days when due and payable;

(c) Failure by the Issuer to cure any noncompliance with any other provision of the Indenture within 60 days after receiving written notice (with a copy to the Company) of such noncompliance from the Trustee or the Collateral Agent with respect to the Bonds or such longer period not exceeding 180 days, reasonably necessary to effect such cure;

(d) A Loan Agreement Event of Default has occurred and is continuing; or

- (e) The occurrence and continuance, with respect to the Issuer, of Bankruptcy.

Remedies Following and During the Continuance of an Event of Default

(a) Upon the occurrence and during the continuance of an Event of Default under the Indenture, any Owner or the Issuer may deliver to the Trustee a written notice, with a copy of such notice to the Company and the Collateral Agent, that an Event of Default has occurred and is continuing under the Indenture.

(b) At any time during which an Event of Default has occurred and is continuing under the Indenture, the Beneficial Owners of not less than a majority of the aggregate principal amount of outstanding Bonds will have the right to give the Trustee (a copy of such notice to be delivered by the Trustee to the Issuer, the Company and the Collateral Agent) one or more enforcement directions directing the Trustee to take any of the following actions on behalf of the Beneficial Owners of the Bonds under the Indenture:

(i) If such Event of Default as described in clause (a) or (b) of “--Events of Default” above has occurred and is continuing, without further demand or notice, transfer monies to the Interest Account or Principal Account, as applicable, in the amounts then due, to the extent provided in the Collateral Agency Agreement, and subject to the limitations described in “—Debt Service Fund” above.

(ii) For all other Events of Default, subject to clause (c) below and the Collateral Agency Agreement, take whatever action at law or in equity may be necessary or desirable to enforce the rights of the Beneficial Owners of the Bonds (including in respect of the Trust Estate) and the Trustee will deposit any monies received as a result of such action in the Interest Account or Principal Account, as applicable.

(c) Upon the occurrence and during the continuance of an Event of Default under the Indenture, if so instructed by the Beneficial Owners of not less than a majority of the aggregate principal amount of outstanding Bonds, the Trustee, subject to the immediately succeeding proviso, will declare all outstanding Bonds (a copy of such notice to be delivered by the Trustee to the Issuer, the Company and the Collateral Agent), all interest accrued and unpaid thereon, and all other amounts payable in respect of the Bonds to be due and payable, whereupon the same will become immediately due and payable without presentment, demand, protest or further notice of any kind, all of which will be waived by the Issuer; provided that the outstanding Bonds may be accelerated pursuant to this clause (c) only to the extent the underlying Loan under the Loan Agreement will have been accelerated.

(d) The Beneficial Owners of a majority in aggregate principal amount of the outstanding Bonds may, by written notice to the Trustee (a copy of such notice to be delivered by the Trustee to the Issuer, the Company and the Collateral Agent), on behalf of all of the Beneficial Owners, rescind any acceleration and its consequences, if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal, interest or premium that has become due solely because of the acceleration) have been cured or waived and the Issuer has paid or deposited, or caused to be paid or deposited, with the Trustee a sum sufficient to pay all sums paid or advanced by the Trustee under the Indenture and the reasonable expenses, disbursements and advances of the Trustee, its agents and Counsel.

(e) All rights and actions and claims under the Indenture may be prosecuted and enforced by the Trustee on behalf of the Beneficial Owners of the Bonds. In the case of pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization or other similar judicial proceeding relative to the Issuer or the Trust Estate, the Trustee, subject to the Collateral Agency Agreement and the Intercreditor Agreement (if any), will be entitled to file and prove a claim for the amount of the Issuer’s and the Company’s obligations to the Beneficial Owners of the Bonds owing and unpaid and to file such other papers or documents as may be necessary in order to have the claims of the Beneficial Owners allowed in such judicial proceeding and, to the extent permitted by law, to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same in accordance with the terms of the Indenture and the terms of the Collateral Agency Agreement.

Use of Monies Received from Exercise of Remedies

After an acceleration pursuant an Event of Default under the Indenture as provided in “—Remedies Following and During the Continuance of an Event of Default” above, monies received by the Trustee from the Collateral Agent pursuant to the Collateral Agency Agreement and the other Security Documents in respect of the Issuer’s obligations under the Indenture will, notwithstanding any provision of the Indenture, the Loan Agreement or the Collateral Agency Agreement to the contrary, be applied first to pay the reasonable and proper fees and expenses (including reasonable fees and expenses of counsel) of the Trustee and incurred in connection with the exercise of remedies following such Event of Default, and next to the payment of fees, costs and expenses of the Issuer and the Issuer Indemnified Persons and any other payments due them in respect to the Reserved Rights (including, without limitation, indemnification payments); provided, that payment of amounts due to the Issuer or the Issuer Indemnified Persons under this paragraph will not absolve the Company from liability therefor except to the extent of the amounts received from the Trustee under this paragraph or amounts otherwise paid by the Company (or caused to be paid by the Company, including by instructing the Collateral Agent to pay) and thereafter remaining amounts will be applied promptly by the Trustee as follows:

first, to pay, *pro rata*, due but unpaid interest on the Bonds then outstanding;

second, to pay, *pro rata*, any unpaid principal amounts due and payable on the Bonds then outstanding; and

third, upon the payment in full of the obligations described in the first and second clauses above, to pay to the Company, or its successors and assigns, or as a court of competent jurisdiction may direct, any monies then remaining.

Limitations on Rights of Owners Acting Individually

Subject to the Collateral Agency Agreement and the Intercreditor Agreement (if any), no Owner will have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any remedy under the Indenture or for the enforcement of the terms of the Indenture, unless an Event of Default under the Indenture has occurred and is continuing and the Owner has made a written request to the Trustee (a copy of such notice to be delivered by the Trustee to the Issuer, the Company and the Collateral Agent), and has given the Trustee 60 days, to take such action in its capacity as Trustee. Nothing in this Section will affect or impair the right of the Owner, to enforce the payment of the principal of and interest on or Redemption Price of any Bond at and after the date such payment is due. In addition, any action by any Owner taken with respect to the Trust Estate will only be taken in accordance with the provisions of the Indenture, described above under “—Remedies Following and During the Continuance of an Event of Default.”

Waivers of Events of Default

The Trustee, notwithstanding anything else to the contrary contained in the Indenture, will waive any Event of Default under the Indenture upon the written direction of Beneficial Owners of not less than a majority in aggregate principal amount of the outstanding Bonds (a copy of such notice to be delivered by the Trustee to the Issuer, the Company and the Collateral Agent); provided, however, that any Event of Default in respect of the payment of the principal of or interest on, or the Redemption Price of, any Bond when due will not be waived (except as contemplated in clause (c) of “—Remedies Following and During the Continuance of an Event of Default” above) without the consent of the Beneficial Owners of 100% of the aggregate principal amount of the outstanding Bonds represented by the Bonds subject to such Event of Default, unless, prior to such waiver, all such amounts (with interest on amounts past due on any Bond at the interest rate on such Bond) and all expenses of the Trustee in connection with such Event of Default have been paid or provided for. In case of any such waiver, then and in every such case the Issuer, the Trustee and the Beneficial Owners will be restored to their former positions and rights under the Indenture, but no such waiver will extend to any subsequent or other Event of Default under the Indenture, or impair any right consequent thereon. Notwithstanding the foregoing, no Event of Default in respect of the Reserved Rights may be waived except by the Issuer or with the Issuer's written consent.

Resignation or Replacement of Trustee

(a) The present or any future Trustee may resign by giving written notice to the Issuer (with a copy to the Company) not less than 60 days before such resignation is to take effect. Such resignation will take effect only upon the appointment of and acceptance by a successor qualified as provided in clause (c) below. If no successor is appointed by the date designated in the notice for the Trustee's resignation to take effect, the resigning Trustee may petition a court of competent jurisdiction for the appointment of a successor. So long as an Event of Default has not occurred and is then continuing, the present or any future Trustee may be removed at any time by the Issuer in the event the Issuer reasonably determines that the Trustee is not duly performing its obligations under the Indenture or that such removal is in the best interests of the Issuer or the Beneficial Owners.

(b) In case the present or any future Trustee will at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the Issuer, with the written consent of the Company (such consent not to be unreasonably withheld, delayed or conditioned). Upon making any such appointment, the Successor Trustee will give notice to each Owner, which notice may be given concurrently with the notice of resignation given by any resigning trustee. Such resignation or other removal will take effect only upon the appointment of and acceptance by a successor qualified as provided in clause (c) below.

(c) Every successor Trustee will be a bank or trust company in good standing duly authorized to exercise trust powers and subject to examination by federal or state authority, qualified to act under the Indenture and having a capital and surplus of not less than \$500,000,000. Any successor Trustee appointed under the Indenture will execute, acknowledge and deliver to the Issuer (with a copy to the Company) an instrument accepting such appointment, and will, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the trust as further provided in the Indenture.

Required Actions Under Development Agreement

(a) The Trustee has agreed to respond to any request from the Company for consent to a modification or amendment of the Development Agreement within a reasonable period of time.

(b) The parties have acknowledged that the DA Direct Agreement requires the Financing Documents to contain certain specific provisions and to comply with certain terms and conditions, and notwithstanding any other provision of the Indenture, the parties have agreed and acknowledged that:

(i) No Security Document, or other instrument purporting to pledge, mortgage, encumber, or create a lien, charge or security interest on or against the Company's right, title, interest and property in, to, under or derived from: (a) the Development Agreement, the technical requirements related therewith (in each case, including all appendices and exhibits thereto), the issued for construction documents described in the Development Agreement, and all amendments to any of the foregoing, including the Company's right, title and/or interest in and to the Project, the work site and the ancillary site to which a right of entry has been granted under the Development Agreement to the Company and its contractors for the Project (collectively, the "Project work site"), the improvements to the Terminal, the Company Commercial Revenue and Supplemental Payments, any contract between the Company and its contractors (including suppliers) for the performance of any part of the Company's work under the Development Agreement or any contract at any lower tier thereto, the Financing Documents, claims and submittals submitted by the Company under the Development Agreement and intellectual property subsisting in or related to the Project, and (b) the Bond Ordinance, the General Junior Lien Bond Ordinance and the Supplemental Junior Lien Bond Ordinance, will extend to or affect the fee simple interest of the Owner in the Project, the Project work site, the Terminal or any improvements thereto or the Owner's rights or interests under the Contract Documents.

(ii) The Owner will have no obligation to any Secured Creditor, except for the express obligations to Lenders as set forth in the DA Direct Agreement or any other instrument or agreement signed by the Owner in favor of such Lender or Collateral Agent pursuant to the terms set forth therein, provided that the Collateral Agent has notified the City of the existence of its Security Documents.

(iii) The Collateral Agent must deliver to the Owner (A) promptly, and in any event within 3 Business Days, upon receipt from any Secured Party, or (B) concurrently with delivery by the Collateral Agent to the Company or any other Person, as applicable, of any Notice of Default, remedies initiation notice or any other notice of default or notice of election or enforcement of remedies, including an election to sell or foreclose, notice of sale or foreclosure or other notice required by Law or by the Security Documents in connection with the exercise of remedies under the Indenture, such notice to be delivered in accordance with the DA Direct Agreement.

(c) The Trustee has agreed not to name or join the Issuer, any Issuer Indemnified Person, or any other agency, instrumentality or political subdivision of the State of Wisconsin, or any elected official, board member, director, officer, employee, agent or representative of any of the foregoing in any legal proceeding seeking collection of the related debt or other obligations secured thereby or the foreclosure or other enforcement of the Financing Documents, unless and except to the extent that (i) joinder of the Issuer (or any other Person identified above) as a necessary party is required by applicable Law in order to confer jurisdiction on the court over the dispute with the Company or to enforce lender remedies against the Company and (ii) the complaint against the Issuer (or such other Person) states no claim or cause of action for (A) a lien or security interest on, or to foreclose against the Issuer's right, title and interest in and to any property or asset of the Issuer other than the Trust Estate pledged under the Indenture as security for the Bonds, or (B) any pecuniary liability of the Issuer (or such other Person) on the indebtedness except from the sources pledged under the Indenture for payment of the Bonds.

Supplemental Indentures Not Requiring Consent of Owners

The Issuer and the Trustee may, without the consent of, or notice to, the Beneficial Owners, but with the written consent of the Company, enter into a Supplemental Indenture for any one or more or all of the following purposes:

- (a) to provide for the issuance by the Issuer of the Additional Parity Bonds in accordance with the Indenture;
- (b) to add additional covenants to the covenants and agreements of the Company or the Issuer;
- (c) to add additional revenues, properties or collateral to the Trust Estate;
- (d) to cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in the Indenture;
- (e) to amend any existing provision in the Indenture or to add additional provisions which, in the opinion of Bond Counsel, are necessary or advisable (i) to qualify, or to preserve the qualification of, the interest on any Bonds for exclusion from gross income for federal income tax purposes; (ii) to qualify, or to preserve the qualification of, the Indenture or any Supplemental Indenture under the federal Trust Indenture Act of 1939; or (iii) to qualify, or preserve the qualification of, any Bonds for an exemption from registration or other limitations under the laws of any state or territory of the United States of America;
- (f) to amend any provision in the Indenture relating to the Rebate Fund if, in the opinion of Bond Counsel, such amendment does not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes;
- (g) to modify or eliminate book-entry registration of any of the Bonds;
- (h) to obtain or maintain a rating of the Bonds by an NRSRO;
- (i) to facilitate the receipt of monies;
- (j) to establish additional funds, accounts or subaccounts necessary or useful in connection with any other provision of this section;

(k) to give effect to any permitted transfers of equity under the Financing Documents; or

(l) in connection with any other change which, in the judgment of the Trustee (who may for such purposes rely entirely upon an officer's certificate and/or a legal opinion of counsel selected by (or reasonably acceptable to) the Trustee with respect thereto), does not materially adversely affect the rights of the Beneficial Owners, including, without limitation, conforming the Financing Documents to the terms and provisions of the Development Agreement.

Supplemental Indentures Requiring Consent of Owners

The Issuer and the Trustee may enter into a Supplemental Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or modifying the rights of the Beneficial Owners in any way under the Indenture (other than as contemplated in “—Supplemental Indentures Not Requiring Consent of Beneficial Owners” above) with the written consent of the Beneficial Owners of a majority in the aggregate principal amount of the then outstanding Bonds and with the written consent of the Company; provided, however, that no Supplemental Indenture modifying the Indenture in the way described below may be entered into without the written consent of the Owner of each Bond affected thereby:

(a) a reduction of the interest rate, principal of or interest on or Redemption Price payable on any Bond, a change in the maturity date of any Bond, a change in any Interest Payment Date for any Bond or a change in the redemption provisions applicable to any Bond;

(b) the deprivation of an Owner of the lien on the Trust Estate granted by the Indenture;

(c) the creation of a priority right in the Trust Estate of another Bond over the right of the affected Bond, except as permitted in the Indenture; or

(d) a reduction in the percentage of the aggregate principal amount of then outstanding Bonds required for consent to any Supplemental Indenture or the parties whose consent is required.

Consent of the Company

Anything in the Indenture to the contrary notwithstanding, a Supplemental Indenture pursuant to the terms of the Indenture will not become effective unless and until the Company has consented to the execution and delivery of such Supplemental Indenture. In this regard, the Trustee will cause notice of the proposed execution of any such Supplemental Indenture together with a copy of the proposed Supplemental Indenture to be mailed to the Company at least fifteen (15) Business Days prior to the proposed date of execution and delivery of any such Supplemental Indenture.

Amendments to the Financing Documents Not Requiring Consent of Owners

The Issuer and the Trustee may (i) upon receipt of an opinion of Bond Counsel to the effect that the proposed amendment will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes and is authorized by the Indenture and (ii) upon the receipt of the written consent of the Company consent to any amendment, consent, supplement, waiver or other modification of any of the Financing Documents, without the consent of, or notice to, the Beneficial Owners, for any one or more or all of the following purposes:

(a) to add additional covenants to the covenants and agreements of the Company or the Issuer;

(b) to cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in any of the Financing Documents;

(c) to amend any existing provision in the Loan Agreement or to add additional provisions which, in the opinion of Bond Counsel, are necessary or advisable (i) to qualify, or to preserve the qualification of, the interest on any Bonds for exclusion from gross income for federal income tax purposes or (ii) to qualify, or preserve the

qualification of, any Bonds for an exemption from registration or other limitations under the laws of any state or territory of the United States of America;

- (d) to facilitate the receipt of monies;
- (e) to establish additional funds, accounts or subaccounts necessary or useful in connection with any other provision of this Section;
- (f) to make amendments that are required by an NRSRO in order to maintain the ratings of the Bonds;
- (g) in connection with any other change which, in the judgment of the Trustee (who for such purposes may rely entirely upon an officer's certificate and/or a legal opinion of counsel selected by (or reasonably acceptable to) the Trustee with respect thereto), does not materially adversely affect the rights of the Beneficial Owners, including, without limitation, conforming the Financing Documents to the terms and provisions of the Development Agreement or amending any of the Financing Documents or related deliverables to facilitate the execution of the Intercreditor Agreement; or
- (h) to provide for the issuance by the Issuer of the Additional Parity Bonds in accordance with the Indenture.

Amendments to the Financing Documents Requiring Consent of Owners

Except for the amendments, changes or modifications as provided in the Indenture, the Issuer or Trustee may (or to the extent instructed by the required the Beneficial Owners of a majority in the aggregate principal amount of the then outstanding Bonds, will) consent to any other amendment, change or modification of any of the Financing Documents with the prior written consent of the Beneficial Owners of a majority in the aggregate principal amount of the then outstanding Bonds and, in the case of the Issuer, with the written consent of the Company; provided, however, that no amendment, change or modification of any of the Financing Documents may be entered into in respect of the matters contemplated below unless the prior written consent of the Owner of each Bond affected thereby and the Company has been obtained:

- (a) a reduction of the interest rate, principal of or interest on the Loan, a change in the maturity date of the Loan, a change in the Interest Payment Date for the Loan or a change in the prepayment provisions applicable to the Loan; or
- (b) the deprivation of the Collateral Agent of the lien granted by the Security Agreement.

The Trustee will, upon notice of the same from the Issuer and upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in the Indenture with respect to Supplemental Indentures; provided, that prior to the delivery of such notice or request, the Trustee may require that an opinion of Bond Counsel be furnished to the effect that such amendment, change or modification complies with the provisions of the Indenture and will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes. Such notice will briefly set forth the nature of such proposed amendment, change or modification and will state that copies of the instrument embodying the same are on file at the designated payment office of the Trustee for inspection by all Beneficial Owners.

Actions of Trustee Requiring Owner Consent Pursuant to the Intercreditor Agreement or any Loan Agreement

In the event that the Collateral Agency Agreement, the Intercreditor Agreement (if applicable), the Loan Agreement or any Supplemental Loan Agreement (if applicable) requires certain actions by the Trustee at the direction of the Beneficial Owners of the applicable Bonds, the Trustee hereby agrees as follows:

- (a) if the Company, Collateral Agent or Intercreditor Agent (if applicable) requests consent or direction of the Trustee to be provided at the direction of a designated portion of the Beneficial Owners of the applicable Series

2017 Bonds, the Trustee will, upon notice of the same and upon being satisfactorily indemnified with respect to reasonable and documented expenses, cause notice of such requested consent or action to be given as provided by the Indenture with respect to Supplemental Indentures. Such notice will briefly set forth the nature of such requested consent or action and will state that any copies of such request from the Company are on file at the designated payment office of the Trustee for inspection by all Beneficial Owners;

(b) if the Company, Collateral Agent or Intercreditor Agent (if applicable) requests consent or direction of the Trustee to be provided and the direction of a designated portion of the Beneficial Owners of the applicable Series 2017 Bonds is not otherwise specified, the Trustee will seek the consent of the Beneficial Owners of a majority in the aggregate principal amount of the then outstanding Bonds. Upon notice of the same and upon being satisfactorily indemnified with respect to reasonable and documented expenses, the Trustee shall cause notice of such requested consent or action to be given in the same manner as provided by the Indenture with respect to Supplemental Indentures. Such notice will briefly set forth the nature of such requested consent or action and shall state that any copies of such request from the Company are on file at the designated payment office of the Trustee for inspection by all Beneficial Owners; and

(c) upon direction from Beneficial Owners of not less than the required percentage in aggregate principal amount of the outstanding Bonds, the Trustee will take any such directed action in accordance with the Collateral Agency Agreement, the Loan Agreement, any Supplemental Loan Agreement (if applicable) or the Intercreditor Agreement (if applicable).

Amendments to the Collateral Agency Agreement Requiring Consent of the Issuer

Notwithstanding anything to the contrary in the Indenture or in the Collateral Agency Agreement, no amendment to, or waiver of any of the terms, conditions, agreements or covenants of the Collateral Agency Agreement that are referenced or incorporated in the Indenture will be effective without the consent of the Issuer (which shall not be unreasonably withheld, conditioned or delayed), to the extent such amendments or waivers would be adverse to the rights of the Issuer under the Indenture.

Discharge of Indenture

If 100% of the principal of and interest on and Redemption Price due, or to become due, on all the Bonds, the fees and expenses due to the Trustee and all other amounts payable under the Indenture have been paid, or provision will have been made for the payment thereof in accordance with “—*Defeasance of Bonds*” below and the opinion of Bond Counsel required by “—*Opinion of Bond Counsel*” below has been delivered, then, (a) the right, title and interest of the Trustee, for the benefit of each Owner, in and to the Trust Estate will terminate and be discharged (referred as the “discharge” of the Indenture); (b) the Trustee will transfer and convey to or to the order of the Issuer all property that was part of the Trust Estate, including but not limited to any monies held in any Fund or Account under the Indenture, except any Defeasance Escrow Account created pursuant to “—*Defeasance of Bonds*” below (which Defeasance Escrow Account will continue to be held in accordance with the agreement governing the administration thereof and, consistent with the Indenture, subject to any applicable abandoned property law, the Trustee will pay to the Company upon request any money held by it for the payment of principal of or interest or Redemption Price that remains unclaimed for three years, and, thereafter, Beneficial Owners entitled to the money must look to the Company for payment); and (c) the Trustee will execute any instrument requested by the Issuer to evidence such discharge, transfer and conveyance.

Defeasance of Bonds

(a) All or any portion of the outstanding Bonds will be deemed to have been paid (referred to as “defeased”) prior to their maturity or redemption if:

- (i) the defeased Bonds are to be redeemed prior to their maturity, the Issuer has irrevocably instructed the Trustee to give notice of redemption of such Bonds in accordance with the Indenture;

- (ii) there has been deposited in trust in a Defeasance Escrow Account either monies or Defeasance Securities, in an amount which will be sufficient to pay the principal of and the interest on which when due, and without any reinvestment thereof, will provide monies which, together with the monies, if any, deposited into or held in the Defeasance Escrow Account, will be sufficient to pay when due the principal of and interest on or Redemption Price, as applicable, due and to become due on the defeased Bonds on and prior to the redemption date or maturity date thereof, as the case may be;
- (iii) a verification agent, acceptable to the Issuer, has delivered a verification report verifying the deposit described in clause (ii) above; and
- (iv) the opinion of Bond Counsel required by “—*Opinion of Bond Counsel*” below has been delivered.

(b) The Defeasance Securities and monies deposited in a Defeasance Escrow Account pursuant to this provision and the principal and interest payments on such Defeasance Securities will not be withdrawn or used for any purpose other than, and will be held in trust solely for, the payment of the principal of and interest on and Redemption Price of the defeased Bonds; provided, however, that (i) any monies received from principal and interest payments on such Defeasance Securities that are not required to pay the principal of and interest on or Redemption Price of the defeased Bonds on the date of receipt will, to the extent practicable, be reinvested in Defeasance Securities maturing at the times and in amounts sufficient to pay when due the principal of and interest on and Redemption Price to become due on the defeased Bonds on or prior to the redemption date or maturity date thereof, as the case may be; and (ii) any monies or Defeasance Securities may be withdrawn from a Defeasance Escrow Account if (A) the monies and Defeasance Securities that are on deposit in the Defeasance Escrow Account, including any monies or Defeasance Securities that are substituted for the monies or Defeasance Securities that are withdrawn from the Defeasance Escrow Account, satisfy the conditions stated in clause (a)(ii) above and (B) a verification report and Bond Counsel opinion are delivered that comply with clauses (a)(iii) and (a)(iv) above.

(c) Any Bonds that are defeased as provided in this “Defeasance of Bonds” section will no longer be secured by or entitled to any right, title or interest in or to the Trust Estate, and the principal of and interest on and Redemption Price thereof will be paid solely from the Defeasance Securities and money held in the Defeasance Escrow Account.

Opinion of Bond Counsel

Prior to any discharge of the Indenture pursuant to “—*Discharge of Indenture*” or the defeasance of any Bonds pursuant to “—*Defeasance of Bonds*” above, Bond Counsel must have delivered a written opinion to the effect that all requirements of the Indenture for such discharge or defeasance have been complied with and that such discharge or defeasance will not adversely affect the tax-exempt status of interest on the Bonds.

Additional Parity Bonds

(a) The Issuer may issue Additional Parity Bonds, which will be ratably and equally secured by the Trust Estate, in accordance with the Indenture and the Collateral Agency Agreement. Such Additional Parity Bonds may be issued if the Company provides evidence reasonably acceptable to the Trustee and the Issuer that the indebtedness of the Company evidenced by Additional Parity Bonds is permitted under the Indenture, the Development Agreement and the Collateral Agency Agreement. The Issuer is not obligated to issue Additional Parity Bonds under the Indenture.

(b) Prior to the issuance of any Additional Parity Bonds, the Company must deliver to the Trustee and the Collateral Agent the following:

- (i) a certificate of the Company dated as of the date of issuance of such proposed Additional Parity Bonds stating that no default or Event of Default has occurred and is continuing or will result from the issuance of such Additional Parity Bonds;

- (ii) a certified copy of a resolution or resolutions of the governing board of the Issuer authorizing the issuance of such Additional Parity Bonds, stating the purpose or purposes for the issuance of such Additional Parity Bonds and authorizing the execution and delivery of a Supplemental Indenture and such Additional Parity Bonds;
- (iii) the applicable Supplemental Indenture, which will provide for the application of the proceeds of such Additional Parity Bonds;
- (iv) an opinion or opinions of counsel and/or Bond Counsel to the effect that: (A) all conditions precedent to the issuance of the Additional Parity Bonds pursuant to Sections 66.0301, 66.0303 and 66.0304 of the Wisconsin Statutes, as amended, the Indenture and any relevant Supplemental Indenture have been satisfied; (B) the Additional Parity Bonds, when issued, will be valid and binding obligations of the Issuer in accordance with their terms; and (C) an opinion as to the tax status of the interest on the Additional Parity Bonds under the Code;
- (v) the order of an Issuer representative directing the application of the proceeds of such Additional Parity Bonds and directing the Trustee to authenticate such Additional Parity Bonds. The Trustee may rely upon such written direction of the Issuer as conclusive evidence that any and all conditions to the issuance of such Additional Parity Bonds by the Issuer have been satisfied and will be under no duty to make any independent investigation thereof; and
- (vi) executed counterparts of all applicable Additional Financing Documents related to the Additional Parity Bonds including, without limitation, (i) a certified copy of the executed counterpart of the Supplemental Loan Agreement, under which the Issuer agrees to loan the proceeds of the Additional Parity Bonds to the Company, and (ii) an original executed counterpart of the Supplemental Indenture under which the Additional Parity Bonds have been issued.

Additional Senior Obligations

Subject to the restrictions set forth in the Indenture, the Collateral Agency Agreement and the Loan Agreement, the Company may incur Additional Senior Obligations, which shall be secured by the Collateral. Other than in the case of Additional Parity Bonds, the Trustee on behalf of the Beneficial Owners, the Collateral Agent, the Intercreditor Agent and the Senior Creditor Representative in respect of such Additional Senior Obligations shall execute an Intercreditor Agreement. The Trustee has been authorized to execute an Intercreditor Agreement at the request of the Company.

Applicable Law

The laws of the State will be applied in the interpretation, execution and enforcement of the Indenture.

All claims of whatever character arising out of the Indenture, or under any statute or common law relating in any way, directly or indirectly, to the subject matter thereof or to the dealings between the Issuer and any other party thereto, will be brought in any state or federal court of competent jurisdiction located in Dane County, Wisconsin. By executing and delivering the Indenture, each party thereto irrevocably; (i) accepts generally and unconditionally the exclusive jurisdiction and venue of such courts; (ii) waives any defense of *forum non conveniens*; and (iii) agrees not to seek removal of such proceedings to any court or forum other than as specified above. The foregoing does not constitute a waiver by the Issuer of any prior notice or procedural requirements applicable to actions or claims against or involving joint powers commissions or governmental units of the State that may exist at the time of and in connection with such matter.

No Individual Liability

No recourse will be available for the enforcement of any obligation, promise or agreement of the Issuer contained in the Indenture or in the Bonds or the other Financing Documents to which the Issuer is a party or for any claim based thereon or otherwise in respect thereof against any director, member, officer, agent, attorney or employee, as such, in his or her individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever will attach to, or be incurred by, any director, member, officer, agent, attorney or employee as such, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into in the Bonds or between the Issuer and the Trustee, whether expressly contained in the Indenture or to be implied therefrom as being supplemental thereto; and all personal liability of that character against every such director, member, officer, agent, attorney and employee is, by the execution of the Indenture and as a condition of, and as part of the consideration for, the execution of the Indenture, expressly waived and released. No Issuer Indemnified Person (including any Issuer Indemnified Person who executes any certificate in connection with the Bonds that restates or certifies as to the truth and accuracy thereof) will be individually liable for the breach of the Issuer of any representation or covenant contained in the Indenture.

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary of selected provisions of the Loan Agreement and is not a full statement of the terms of the Loan Agreement. Accordingly, the following summary is qualified in its entirety by reference to such agreement and is subject to the full text of such agreement. A copy of such agreement is available, free of charge, upon request from the Company or the Trustee. Unless otherwise stated, any reference in this Official Statement to any agreement means such agreement and all schedules, exhibits and attachments thereto, as amended, supplemented or otherwise modified and in effect as of the date hereof.

Issuance of Bonds

Company to Provide Funds

In the event that proceeds derived from the Loan, or any other available (or to be available) funds and other funds pursuant to the Development Agreement are not sufficient to finance the Project Costs and pay all of the Costs of Issuance, the Company will not be entitled to any reimbursement from the Issuer or the Trustee for the payment of such costs nor will the Company be entitled to any abatement, diminution or postponement of its payments under the Loan Agreement.

Repayment of Loan

Prior to or simultaneously with the delivery of the Loan Agreement, the Company will deliver the Security Documents and Collateral to the Collateral Agent as security for the payments and obligations of the Company under the Loan Agreement.

Limitation of Issuer's Liability

Notwithstanding anything in the Loan Agreement to the contrary, any obligation the Issuer may incur under the Loan Agreement or under the Indenture in connection with the Loan for the payment of money will not be deemed to constitute a general obligation of the Issuer but will be a special limited obligation of the Issuer payable solely from the revenues and receipts derived by it from the Trust Estate.

Compliance with Indenture

In accordance with any applicable provisions of the Indenture, at the request of the Company, the Issuer will take any action directed by the Company to the extent required under or permitted by the provisions of the Indenture or the Loan Agreement. The Company will take all action required to be taken by the Company in the Indenture as if the Company were a party to the Indenture.

Loan Provisions

Amounts Payable

The Company will repay the Loan, as follows: on or before any scheduled payment date for the Series 2017 Bonds or any other date that any payment of interest, principal (including mandatory sinking fund redemption payments) or Redemption Price on the Series 2017 Bonds is required to be made in respect of the Series 2017 Bonds pursuant to the Indenture, until the payment of interest, principal, or Redemption Price on the Series 2017 Bonds has been fully paid or provision for the payment thereof has been made in accordance with the Indenture, in immediately available funds, a sum which, together with any other monies available for such payment in the Bonds Debt Service Interim Payment Sub-Account and in the Senior Debt Service Payment Sub-Account of the Debt Service Payment Account, will enable the Trustee to pay to the Beneficial Owners of the Series 2017 Bonds the amount due and payable on such date as interest, principal or Redemption Price on the Series 2017 Bonds as provided in the Indenture.

Concurrently with the issuance of the Series 2017 Bonds, the Company will also pay or direct the Collateral Agent to pay to the Issuer the Issuer's fees and other amounts as agreed in that certain fee and indemnity agreement between the Issuer and the Company. The Company will also pay or direct the Collateral Agent to pay the reasonable fees and expenses of the Trustee which may be payable to the Trustee under the terms of the Indenture or in accordance with any contractual arrangement between the Company and the Trustee with respect thereto.

In the event that the Company should fail to make any of the required payments required, the amount so in default will continue as an obligation of the Company until the amount in default will have been fully paid, and the Company agrees to pay the same with interest thereon, to the extent provided under the Indenture or as permitted by law, from the date when such payment was due, at the rate of interest borne by the Series 2017 Bonds.

To the extent any monies have been deposited by the Company, or on the Company's behalf, into the Interest Account, Principal Account or Redemption Account of the Debt Service Fund for the purpose of paying interest on and principal of or Redemption Price of the Series 2017 Bonds when due, the Company's payment obligations pursuant to this Section "*Amounts Payable*" with respect to the applicable interest payment, principal payment (including mandatory sinking fund redemption payments) or the payment of the Redemption Price in respect of such Series 2017 Bonds will be deemed satisfied.

Accrual of Amounts on Interim Payment Dates

If any Additional Senior Obligations require the payment of principal or interest on any Interim Payment Date after the Project Substantial Completion Date, the Company will transfer or otherwise deposit, or cause to be transferred or otherwise deposited, into the Bonds Debt Service Interim Payment Sub-Account in accordance with the Collateral Agency Agreement an amount equal to the amount of Senior Debt Service in respect of the Senior Obligations under the Loan Agreement due and payable on the next succeeding Calculation Date multiplied by a fraction, the numerator of which is equal to the number of days contained in the Interim Payment Period ending on such Interim Payment Date and the denominator of which is equal to the number of days in the Calculation Period ending on the next succeeding Calculation Date.

Obligations of Company Unconditional

The obligations of the Company to make payments as required above in "*—Amounts Payable*" and to observe and perform all covenants will be absolute and unconditional.

Assignment of Issuer's Rights

To secure the payment of the principal and Redemption Price of and interest on the Series 2017 Bonds, the Issuer has, concurrently with the execution of the Loan Agreement, pledged and assigned to the Trustee all the Issuer's rights in, to and under the Loan Agreement (except for the Reserved Rights), the Collateral and the other property comprising of the Trust Estate. The Company consents to such pledge and assignment and agrees to make or cause to be made all loan payments directly to the Trustee without defense or set-off by reason of any dispute between the Company and the Trustee.

Prepayment and Redemption

Prepayment and Redemption

The Company will have the option to prepay its obligations under the Loan Agreement at the times and in the amounts as necessary to exercise its option to cause the Series 2017 Bonds to be redeemed in accordance with the terms of the Indenture and the Series 2017 Bonds. The Issuer, at the written request of the Company, will take all steps (other than the payment of funds necessary to effect such redemption) necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the outstanding Series 2017 Bonds, as may be specified by the Company and required by the Indenture, on the date established for such redemption.

Special Covenants of the Company

Covenants made by the Company under the Loan Agreement include, but are not limited to, the following:

Maintenance of Existence

(a) Throughout the term of the Loan Agreement, the Company will maintain (i) its existence as a limited liability company and good standing (under the laws of the jurisdiction of its organization), (ii) its qualification to do business in the State of Colorado, and (iii) all material rights, franchises, privileges and consents necessary for the maintenance of its existence and the operation of the Project.

(b) The Company will not take any action to amend or modify its limited liability company agreement in a manner that is materially adverse to the Senior Creditors.

Construction, Operation and Maintenance of Project

The Company will construct, operate and maintain the Project (or cause the same to be constructed, operated and maintained) in accordance with the Development Agreement and make all necessary repairs, renewals and replacements, in each case, in accordance in all material respects with the Principal Project Contracts, and in compliance in all material respects with applicable laws and governmental approvals material to the conduct of its business and the terms of the insurance policies required under the Loan Agreement as described below, except to the extent that the failure to do any of the foregoing could not reasonably be expected to have a Material Adverse Effect under the Loan Agreement.

Insurance

The Company will maintain or will require the Design and Construction Contractor and any other relevant contractor to maintain insurance with responsible insurers which satisfies the requirements of the Development Agreement and the Loan Agreement at such time as such insurance is required to be maintained thereunder. Such policies will (to the extent permitted by the Development Agreement): (i) name the Collateral Agent as sole/first loss payee as their interests may appear (pending any existing contractual overrides) with an acceptable mortgagee/lenders loss payable clause on all delay in start-up and business interruption and property insurance during construction and operations (as applicable), and as a loss payee as its interests may appear on the builders all risk insurance and any other applicable first party policies during construction; and (ii) provide that the insurance (A) is primarily for the benefit of the Secured Parties as additional insureds on all insurance coverages except for workers compensation and professional indemnity and (B) includes a waiver of subrogation in their favor.

Accounts and Financial Reporting

The Company will keep proper books of records and accounts in which complete and correct entries will be made of its transactions in accordance with GAAP. The Project Accounts, such books, and all other records and papers relating to the Project, will, to the extent permitted by law, at all times be subject to the inspection of the Trustee.

The Company will deliver the following financial information to the Trustee:

(a) (x) during the Construction Period, as soon as available and, in any event, within 45 days after the end of each Fiscal Quarter of the Company's fiscal year and (y) thereafter, as soon as available, and, in any event, within 45 days after the end of each Fiscal Quarter of the Company's fiscal year unaudited consolidated financial statements, including an unaudited balance sheet and an unaudited statement of income, and certified by the president, chief financial officer or treasurer of the Company to present fairly in all material respects the financial condition, results of operations and other information reflected therein and to have been prepared in accordance with GAAP (subject to normal year-end audit adjustments and the absence of notes);

(b) as soon as available, and in any event no more than 140 days after the close of each fiscal year (A) the annual financial statements of the Company prepared in accordance with GAAP, (B) a certificate of the auditors of the Company setting forth that they have examined such statements and have conducted a general review of accounting procedures and such tests of accounting records and other supporting evidence as they consider necessary and confirming that in their opinion such statements present fairly in all material respects the financial position of the Company and the results of its operations for the fiscal year reported on and have been prepared in accordance with GAAP (which certificate will detail, to the extent applicable, the existence of any “going concern” or like qualification or exception) and (C) to the extent delivered, copies of management letters, delivered by such accountants in connection with such financial statements;

(c) simultaneously with the delivery of each set of financial statements referred to in sub-clauses (a) and (b) above, a certificate of an officer of the Company, which states that no default in respect of a Loan Agreement Event of Default or Loan Agreement Event of Default has occurred and is continuing or, if any Default in respect of a Loan Agreement Event of Default or Loan Agreement Event of Default under the Loan Agreement has occurred and is continuing, a statement as to the nature thereof and what action the Company proposes to take with respect thereto;

(d) beginning with the commencement of construction of the Project and during the Construction Period, monthly construction progress reports within 45 days of the end of each monthly period which progress reports will (i) provide an assessment of the overall construction progress of the construction work since the date of the last report (or, with respect to the first such report, Closing Date), together with an assessment of how such progress compared to the Project schedule setting forth a reasonable estimate as to the completion date for the applicable construction work, and (ii) provide a reasonably detailed description of any material delays encountered or anticipated in connection with such construction work and a reasonably detailed description of the proposed course of action with respect to such delay; and

(e) during the operations and maintenance phase of the Project, not later than 45 days after the end of each Fiscal Quarter of the Company’s fiscal year occurring after the Project Substantial Completion Date, the Company will deliver to the Collateral Agent and the Trustee a report showing (i) the operating data for the Project for the previous year to date, including total Project Revenues (with reasonable detail as to the amount of Company Concessions Revenues and Supplemental Payments), total Operations and Maintenance Expenses incurred, and total Capital Expenditures incurred, (ii) the variances for such periods between the actual Project Revenues and the budgeted Project Revenues and the actual Operations and Maintenance Expenses and Capital Expenditures incurred and the budgeted Operations and Maintenance Expenses and Capital Expenditures, together with a brief narrative explanation of the reasons for any such variance of 20% or more, and (iii) if a Loan Agreement Event of Default exists, such other operating information as the Trustee or the Collateral Agent may reasonably request.

Project Accounts

The Company will not maintain or permit to be maintained any accounts other than as permitted and contemplated in the Development Agreement, Collateral Agency Agreement or the other Financing Documents.

Hedging Agreements

(a) The Company may purchase or arrange for hedging agreements with respect to any Permitted Indebtedness.

(b) Except as set forth in the immediately preceding sentence, the Company will not engage in any transaction involving interest rate, currency, commodity, equity, credit or other swaps, options, futures, caps, collars, floors, swaptions, puts, calls or any similar contracts or derivative transactions without the prior written approval of the Trustee, in each case, such approval not to be unreasonably withheld.

Compliance with Law

The Company will comply with all laws applicable to it except for any noncompliance that could not reasonably be expected to have a Material Adverse Effect under the Loan Agreement.

Use of Proceeds; Tax Covenants

The net proceeds of the Series 2017 Bonds will be used solely to pay eligible Project Costs as specified in the Federal Tax Certificate (or, to the extent not used therefor, to repay the relevant portion of such Series 2017 Bonds). The Company will not take any action or omit to take any action with respect to the Series 2017 Bonds, the proceeds thereof, any other funds of the Company or any of the facilities financed with the proceeds of the Series 2017 Bonds if such action or omission would cause the interest on the Bonds to lose its excludability from gross income for federal income tax purposes under Section 103 of the Code.

On the fifth anniversary of the Closing Date, if the Project Substantial Completion Date has not yet occurred and unexpended proceeds of the Series 2017 Bonds remain on deposit in the Proceeds Account, the Company will (except as set forth below) certify to the Issuer and the Trustee that at least 95% of the net proceeds (including investment earnings thereon) of the Bonds have been spent on "qualified" Project Costs, as further described in the Loan Agreement. If the Company is unable to make such certification, the Company will direct the Collateral Agent to transfer all such unexpended proceeds of the Series 2017 Bonds and investment earnings thereon on deposit in Construction Proceeds Account and any other necessary amounts to the Redemption Account of the Debt Service Fund to be held under the Indenture to be applied to the redemption of a portion of the Series 2017 Bonds within 90 days of the fifth anniversary of the Closing Date pursuant to the terms of the Indenture. Notwithstanding the foregoing, no such transfer will be required if the Company delivers to the Issuer and the Trustee an opinion of Bond Counsel to the effect that such transfer is not required to maintain the exclusion of the interest on the Series 2017 Bonds from gross income for federal income tax purposes.

Further Assurances and Corrective Instruments

The Issuer and the Company will agree to execute, acknowledge and deliver any supplements and further instruments as may reasonably be required for carrying out the Loan Agreement and the Collateral Agency Agreement and as may be necessary or desirable for assuring, conveying, granting, assigning, securing and confirming the liens (whether now existing or hereafter arising) granted by or on behalf of the Company to the Collateral Agent for the benefit of the Secured Parties, pursuant to the Security Documents or intended to be granted pursuant to the Security Documents, or which the Company may become bound to grant, and the subject of each such lien is and will be free and clear of any other lien thereon or with respect thereto prior to, or of equal rank with the liens created by the Security Documents, other than liens entitled to priority as a matter of law or as permitted by such documents, any other Financing Document or the Loan Agreement, and all limited liability company action on the part of the Company to that end will be duly and validly taken at such times. The Company will, at all times, to the extent permitted by law, defend, preserve and protect the liens granted pursuant to the Security Documents and all the rights of the Collateral Agent for the benefit of the Secured Parties under the Security Documents against all claims and demands of all persons whomsoever, except in each case for Permitted Liens.

Transaction Documents

(a) The Company will perform and observe all of its covenants and its other obligations contained in each Transaction Document to which it is a party except to the extent that the failure to do any of the foregoing could not reasonably be expected to have a Material Adverse Effect under the Loan Agreement.

(b) The Company will not enter into any material contracts or agreements (other than the Transaction Documents or documents incidental or ancillary thereto) that are not related to the Project (or incidental or ancillary thereto).

(c) The Company will not terminate, or assign, or amend or modify, or waive timely performance by any other party of material covenants under, any Principal Project Contract, provided that (i) any such termination will be permitted if such termination could not result in a Material Adverse Effect under the Loan Agreement and other than with respect to the Development Agreement, a binding replacement contract is entered into within 90 days of the termination of such Principal Project Contract and (ii) any such amendment, modification or waiver will be permitted if such amendment, modification or waiver could not reasonably be expected to result in a Material Adverse Effect under the Loan Agreement and could not reasonably be expected to adversely affect the rights of the Secured

Parties to receive termination payments (including the calculation thereof) under the Development Agreement, provided that this prohibition does not apply to change directives.

(d) If any Principal Project Contract, or any counterparty to any Principal Project Contract, is replaced, to the extent that a direct agreement existed with respect to such Principal Project Contract prior to such replacement, the Company will use its best efforts to cause a new (or amended and restated as the case may be) direct agreement to be entered into by any counterparty to such Principal Project Contract, in form and substance substantially similar to the one being replaced or otherwise that is reasonably acceptable to the Trustee.

(e) The Company will enter into direct agreements for the Development Agreement, the Design and Construction Contract and each Design-Build Guarantee and use commercially reasonable efforts to enter into direct agreements in respect of each other Principal Project Contract.

Approvals; Governmental Authorizations

At all times, the Company will obtain on a timely basis and maintain in full force and effect all governmental approvals required to be obtained (or cause to be obtained) by the Company and necessary, at such time (i) for the construction, use, operation and maintenance of the Project, and (ii) to comply with its obligations under the Transaction Documents, except in either case where the failure to obtain or maintain any such governmental approval could not reasonably be expected to have a Material Adverse Effect under the Loan Agreement.

Taxes

The Company will timely pay and discharge all material taxes and other assessments and governmental charges or levies imposed upon the Company or the Project prior to the date on which penalties, fines or interest attach thereto, provided that the Company may permit any such tax, assessment, charge or levy to remain unpaid if it is being contested in good faith and adequate reserves have been provided and are maintained in accordance with GAAP or where the failure to pay and discharge could not reasonably be expected to have a Material Adverse Effect under the Loan Agreement.

Business Activities

The Company will not directly engage at any time in any business other than ownership, lease, construction, operation, management and/or financing of the Project and activities incidental or complementary thereto.

Limitation on Fundamental Changes; Sale of Assets, Etc.

The Company will not:

(a) enter into any transaction of merger or consolidation, or liquidate, wind up or dissolve itself, or suffer any liquidation or dissolution, or

(b) convey, sell, assign, transfer, lease or otherwise dispose of, in one transaction or a series of related transactions, any property or assets in excess of \$15 million (indexed annually to the CPI) per year in the aggregate except (1) sales or other dispositions in the ordinary course of business or contemplated by or permitted under the Principal Project Contracts; (2) sales or other dispositions of surplus, damaged, obsolete, worn out or defective equipment or other property of the Company; (3) sales or other dispositions of equipment or other property of the Company that are promptly exchanged for or replaced by other equipment or property of at least comparable value and utility and useful life as determined in accordance with good operating practice; except to the extent that the failure to replace such equipment or assets, as applicable, could not have a Material Adverse Effect under the Loan Agreement; (4) sales or other dispositions permitted under a Permitted Lien; and (5) sales, transfers or other dispositions of Permitted Investments; provided, that the foregoing restrictions will not prohibit the Company's grant of the lien under the Security Documents (or the exercise of any rights or remedies by the Secured Parties thereunder).

Limitation on Indebtedness; Additional Senior Obligations

(a) *Limitation on Indebtedness.* The Company will be able to incur certain indebtedness, including: (i) the Series 2017 Bonds and the Loan; (ii) Additional Senior Obligations and any related Hedging Agreements permitted to be incurred in accordance with the Financing Documents; (iii) reimbursement obligations in respect of letters of credit, and other financial obligations and obligations the proceeds of which, in each case, are used to pay money (or secure such payment) for services rendered, arising under the Principal Project Contracts or any other agreement executed by the Company in connection with the Project that are payable as Project Costs or Operations and Maintenance Expenses or Capital Expenditures (except for obligations incurred pursuant to the Development Agreement or any other Contract Document or the Design and Construction Contract); (iv) purchase money obligations or capitalized leases incurred to finance discrete items of equipment not comprising an integral part of the Project that are payable as Operations and Maintenance Expenses and that do not in the aggregate have annual debt service or lease payment obligations exceeding \$2 million (indexed annually to the CPI); (v) trade accounts payable (other than for borrowed money) so long as such trade accounts payable are not more than 180 days overdue; (vi) amounts payable under the Principal Project Contracts to the extent the same constitute indebtedness; (vii) Permitted Subordinated Debt; (viii) working capital loans the proceeds of which are used to pay Operations and Maintenance Expenses; provided that the principal amount of such loans will not exceed \$10 million (indexed annually to the CPI) in the aggregate at any time and will be repaid within three years of the incurrence thereof; (ix) subject to the proviso below, indebtedness incurred by the Company for the purpose of funding any order from the Owner to the Company to comply with safety standards to the extent the Company is obligated to do so under the Development Agreement; provided that the Company certifies for the benefit of the Trustee, and the Lenders' Technical Advisor confirms, in each case in writing delivered to the Trustee, that such indebtedness is necessary and that the proceeds thereof, together with other funds available to complete such safety order, are expected to be sufficient to complete construction or otherwise related to such safety order in accordance with applicable law, any necessary permit, license, approval, authorization or consent of any governmental entity and requirements of the applicable Principal Project Contracts; and (x) unsecured indebtedness in an aggregate principal amount at any time outstanding not to exceed \$10 million (indexed annually to the CPI).

(b) *Additional Senior Obligations.* After the delivery of the Loan Agreement, subject to receipt by the Collateral Agent of the documents listed below, the Company may incur Additional Senior Obligations solely for the following purposes: (1) Project Completion Indebtedness, (2) Principal Project Contract Indebtedness, (3) Upgrade Indebtedness, (4) Refinancing Indebtedness, (5) Reserve Requirement Indebtedness, and (6) Distribution Indebtedness. Additional Senior Obligations will be equally and ratably secured under the Security Documents with all other then outstanding Senior Obligations of Senior Creditors of the Company, without preference, priority or distinction of any such particular Senior Obligation over any other such Senior Obligation. The Company and any Additional Senior Creditor will execute and deliver an Additional Financing Document, but only upon satisfaction of the following:

- (i) A certificate of the Company, signed by an authorized officer thereof, dated as of the date of delivery of such proposed Additional Senior Obligation stating that (A) no default in respect of a Loan Agreement Event of Default or Loan Agreement Event of Default under the Loan Agreement has occurred and is continuing or will result from the incurrence of such Additional Senior Obligations, and (B) such Additional Senior Obligations constitute Project Debt;
- (ii) A certified copy of the executed counterpart of the Additional Financing Document related to the Additional Senior Obligation under which the Additional Senior Creditor agrees to lend monies (or to provide funds) to the Company (and, if such Additional Senior Creditor is the Issuer, an original executed counterpart of the related trust indenture under which bonds or other obligations have been issued) will have been delivered to the Collateral Agent;
- (iii) Other than in respect of Additional Parity Bonds, the execution of the Intercreditor Agreement by the Intercreditor Agent, the Collateral Agent, the Trustee on behalf of the Bondholders and the Senior Creditor Representative of the applicable Additional Senior Creditors, or if such Intercreditor Agreement is in effect, a certified copy of the designation

letter executed by the Additional Senior Creditor with respect to the Intercreditor Agreement will have been delivered to the Intercreditor Agent and, if necessary, the Intercreditor Agreement will have been executed by all parties thereto;

- (iv) If such Additional Senior Obligations are used for Project Completion Indebtedness or Principal Project Contract Indebtedness, the Company certifies to the Trustee, and the Lenders' Technical Advisor confirms, that the additional indebtedness is necessary and that the proceeds, together with other funds available to complete the Project, are expected to be sufficient to complete the construction of the Project; provided that the aggregate amount of Additional Senior Obligations incurred pursuant to this clause (iv) may not exceed 10% of the original aggregate principal amount of the Bonds unless the Company certifies to the Trustee and the Lenders' Technical Advisor confirm, that (A) there will be no fundamental change in the use of the Project, (B) the proceeds of such Additional Senior Obligations, together with other funds available, will be sufficient for the proposed purpose, (C)(I) the additional indebtedness is not expected to have a Material Adverse Effect and (II) the average Senior Debt Service Coverage Ratio for each Calculation Period during the remaining term of the Senior Loan is project to be not less than 1.20 (based on a certified revenue forecast prepared by the Company), taking the proposed Additional Senior Obligations into account, and (D) the Additional Senior Obligations have an a rating assigned by at least one NRSRO then rating the Bonds (or, if no such agency is then rating the Bonds, at least one new rating from such a NRSRO) that is no lower than "BBB-" or "Baa3" (or its equivalent), as applicable;
- (v) With respect to Upgrade Indebtedness, the Company certifies to the Trustee and the Lenders' Technical Advisor confirms, that (A) there will be no fundamental change in the use of the Project, (B) the proceeds of such Additional Senior Obligations, together with other funds available, will be sufficient for the proposed purpose, (C) (I) the additional indebtedness is not expected to have a Material Adverse Effect and (II) the Senior Debt Service Coverage Ratio for each Calculation Period during the remaining term of the Senior Loan is projected to be not less than 1.20 (based on a certified revenue forecast prepared by the Company), taking the proposed Additional Senior Obligations into account, and (D) the Additional Senior Obligations have a rating assigned by at least one NRSRO then rating the Bonds (or, if no such agency is then rating the Bonds, at least one new rating from such a NRSRO) that is no lower than "BBB-" or "Baa3" (or its equivalent), as applicable;
- (vi) With respect to Refinancing Indebtedness, (A) either (1) for each Calculation Period ending on a Calculation Date on and after the first Calculation Date after the incurrence of such proposed Additional Senior Obligations and through the period ending on the maturity date of the then outstanding Secured Obligations, the Senior Debt Service Coverage Ratio, calculated and certified by the Company will be projected to be at least 1.20, taking the proposed Additional Senior Obligations into account or (2) Senior Debt Service, after the incurrence of such Additional Senior Obligations, in each year of the remaining term of the Senior Loan is forecast to be not more than the Senior Debt Service forecast for such year in the initial forecast for the Project prepared as of Financial Close, (B) the Additional Senior Obligations have a rating assigned by at least one NRSRO then rating the Bonds (or, if no such agency is then rating the Bonds, at least one new rating from such a NRSRO); provided that neither the rating being reaffirmed nor the new rating may be lower than "BBB-" or "Baa3" (or its equivalent), as applicable, and (3) if all the then outstanding Secured Obligations are to be refunded, prepaid or defeased prior to maturity, all necessary instructions or arrangements will have been made in order to give effect to such refunding, prepayment or defeasance;
- (vii) With respect to Reserve Requirement Indebtedness, at the time the Recourse Acceptable Letter of Credit is first made available, the Senior Debt Service Coverage Ratio for each Calculation Period ending on December 31 of each year during the remaining term of the

Senior Loan will not be less than 1.20 (based on a certified revenue forecast prepared by the Company and delivered prior to or concurrently with the incurrence of such indebtedness);

- (viii) With respect to Distribution Indebtedness, (A) the Additional Senior Obligations have an investment grade rating assigned by at least one NRSRO and (B) the Senior Debt Service Coverage Ratio after giving effect to such Additional Senior Obligations, is forecast to be 1.20 or more for each Calculation Period ending on December 31 of the remaining term of the Senior Loan (based on actual revenues for the prior 12-month period and a certified revenue forecast prepared by the Company); and
- (ix) To the extent that any or all of the Senior Obligations incurred pursuant to the Loan Agreement are outstanding at the time the Additional Senior Obligations are proposed to be incurred (after giving effect to the application of proceeds therefrom), the related Additional Financing Documents will not prohibit the Company from incurring new indebtedness to refinance such Senior Obligations (at least to the extent permitted under the Loan Agreement).

Permitted Investments

The Company will not make, or direct the Trustee or the Collateral Agent pursuant to the Indenture or the Collateral Agency Agreement, respectively, to make, any investment or capital contribution to, or purchase stocks, bonds, notes or other securities of, or advance any extension of credit to, or make any other investment in, any other person, other than Permitted Investments or the redemption or prepayment of any Permitted Indebtedness.

Negative Pledge

The Company will not create, incur, assume or permit to exist any lien on any property or asset, including its revenues (including accounts receivable) or rights in respect of any thereof, now owned or hereafter acquired by it, except Permitted Liens.

Limitations on Issuance of Equity Securities; Loans

(a) The Company will not issue any equity or equity-linked securities, or securities convertible or exchangeable into either of the foregoing, unless the owner of such securities grants to the Collateral Agent for the benefit of the Secured Parties a security interest in such securities pursuant to a pledge agreement in substantially the form of the Pledge Agreement.

(b) The Company will not make any loan or advance of funds to any person except for (i) Permitted Investments, (ii) down payments and prepayments to suppliers on ordinary commercial terms in the ordinary course of business, (iii) receivables arising in the ordinary course of business and (iv) loans to HoldCo funded with amounts derived from distributions from the Distribution Account in accordance with the Collateral Agency Agreement.

Profit-sharing; Subsidiaries

The Company will not, except as expressly permitted pursuant to the Development Agreement, the Initial Project Financing Agreements or with the prior written consent of the Trustee (i) enter into any partnership, joint venture, profit-sharing or royalty agreement or similar arrangement whereby the Company's income or profits are, or might be, shared with any Person (except as may otherwise be contemplated by the limited liability company agreement of HoldCo) or (ii) form or have any subsidiaries.

Ranking of Indebtedness

The Company will ensure that its payment obligations (rather than any security therefor) under the Loan and any Additional Senior Obligations will rank at least on parity with all other unsubordinated indebtedness of the Company, except for Permitted Liens or as otherwise agreed to by the Trustee.

Distributions

The Company will not declare or make, or incur any liability to declare or make, any distribution (whether in cash, property or obligation), or otherwise on account of any membership interest of the Company, or make any purchase, redemption, retirement or acquisition of, any membership interest of the Company, unless all the following distribution conditions in the Collateral Agency Agreement have been satisfied: (1) all transfers and distributions required to be made on or prior to the date of such distribution as described in the Flow of Funds have been satisfied in full; (2) no default or Event of Default has occurred and is continuing; (3) Substantial Completion has been achieved and (4) the Company provides a written certification in substantially the form required by the Collateral Agency Agreement that (a) for the Calculation Period ending on such Calculation Date, the Senior Debt Service Coverage Ratio as of the last date of such Calculation Period was 1.10:1.00 or greater and (b) for the Calculation Period ending on the twelve-month anniversary of such Calculation Date, the Projected Senior Debt Service Coverage Ratio is 1.10:1.00 or greater, and (5) the Company delivers to the Collateral Agent and the Trustee a Funds Transfer Certificate which specifically certifies that the aforementioned conditions have been met on such Calculation Date. See Appendix D—“SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—The Project Accounts—*Distribution Account*” regarding the additional conditions for the release of funds from the Distribution Account. For the avoidance of doubt, the foregoing restriction will not preclude the Company from making payments of the development fee and other bid costs as described in “PROJECTED SOURCES AND USES OF FUNDS AND PROJECTED FINANCIAL INFORMATION—Projected Sources and Uses of Funds” and “PRINCIPAL PROJECT AGREEMENTS—Certain Other Project Related Agreements—Letter Agreement related to Financial Close Distributions.”

Change in Name, Place of Business or Fiscal Year

The Company will not (i) change its name, jurisdiction of formation, or principal place of business without giving the Collateral Agent and the Trustee at least 30 days prior written notice; or (ii) adopt a different fiscal year without prior notice sent to the Collateral Agent and the Trustee at least 30 days prior to such change.

Access to the Project

The Company will give the Trustee (and its respective consultants and representatives) and the Issuer (and its respective consultants and representatives) access to the Project site and all books, records and other information related to the Project, at the sole cost of such persons, unless otherwise specified herein, at any reasonable time and as often as may reasonably be requested, upon reasonable prior notice to the Company, in each case during official business hours and in a manner that cannot reasonably be expected materially to interfere with or disrupt the performance by the Company or any other party of its obligations with respect to the construction and operation the Project and permit the Trustee (and its respective consultants and representatives) and the Issuer (and its respective consultants and representatives), at the sole cost of such persons, unless otherwise specified herein, to examine or audit and make abstracts from any of its books, accounts and records and to make copies and memoranda thereof, to discuss the Project and the business, accounts, operations, properties and financial and other conditions of the Company with officers and employees of the Company to witness (but not cause) the performance and other tests conducted pursuant to any Principal Project Contract, subject to all applicable confidentiality undertakings. The Company will offer all reasonable assistance to such persons in connection with any such visit. Upon the occurrence and during the continuance of a Loan Agreement Event of Default under the Loan Agreement, if the Trustee requests that any of it or its consultants or representatives be permitted to make such visit, the reasonable fees and expenses of the Trustee (and its respective consultants and representatives), as the case may be, in connection with such visit will be for the account of the Company. In the event that the Issuer (or its respective consultants and representatives) requests that any of it or its consultants or representatives be permitted to make such visit as described above in response to a governmental or regulatory inquiry or audit related to the Series 2017 Bonds, the reasonable fees and

expenses of the Issuer (and its respective consultants and representatives) in connection with such visit will be for the account of the Company.

Equity Transfer; Change of Control

No equity transfer by or among Equity Participants or Change of Control will be permitted during the term of the Development Agreement, except as permitted under the Development Agreement.

Nationally Recognized Credit Rating Agencies

(a) The Company will use commercially reasonable efforts to cooperate with each NRSRO then rating the Bonds, if any, in connection with any review which may be undertaken by such NRSRO. Notwithstanding the foregoing, this requirement is not a requirement to maintain any minimum rating of the Bonds with any of the NRSROs.

(b) The Company shall deliver to the Issuer and the Trustee copies of any reports or ratings on the Series 2017 Bonds from any NRSRO then rating the Series 2017 Bonds at the request of the Company.

(c) The Company will at all times use commercially reasonable efforts to enter into, maintain and comply with a reasonable and customary “rating surveillance” agreement with at least one NRSRO with respect to the rating of the Series 2017 Bonds.

(d) The Company will not be deemed to be in default (and no default or Loan Agreement Event of Default will in any event result therefrom under the Loan Agreement) of its obligations set forth in the event that the Company has complied with its obligations under clauses (a), (b) and (c) above but the applicable rating is not made available by any applicable NRSRO for any reason solely attributable to such NRSRO.

Assignment; Indemnification

Assignment

Except as otherwise contemplated in the Loan Agreement, neither the Company nor the Issuer may assign its interest in the Loan Agreement without the prior written consent of the Trustee.

Indemnification

The Company agrees to indemnify and save the State of Colorado and the Trustee harmless against and from all claims by or on behalf of any person, firm, corporation or other legal entity arising from the conduct or management of, or from any work or thing done on, the Project during the term of the Loan Agreement.

Events of Default and Remedies

Events of Default

Any one or more of the following events will be “Loan Agreement Events of Default” under the Loan Agreement:

(a) Failure by the Company to pay any amount required to be paid in respect of, as applicable, any (i) principal of, (ii) interest on, (iii) redemption price on the Series 2017 Bonds, then due and, in the case of clause (ii) only, such failure is not remedied within ten (10) business days after the applicable due date or (iv) the Trustee's reasonable costs, fees and expenses, if such failure is not remedied within thirty (30) days after the later of the applicable due date or the date the Company receives notice from the Trustee of such failure to pay.

(b) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Loan Agreement or the Collateral Agency Agreement, other than as referred to

in clause (a) above, for a period of 90 days after the earlier of (i) written notice specifying such failure given to the Trustee by the Company or the Issuer and (ii) written notice specifying such failure and requesting that it be remedied will have been given to the Company by the Issuer, the Trustee or the Collateral Agent; provided, however, if the failure stated in the notice is capable of cure but cannot reasonably be cured within the applicable period, the Company will be entitled to a further extension of time reasonably necessary to remedy such failure (such extension not to exceed 180 days) so long as corrective action is instituted by the Company within the applicable period and is diligently pursued until such failure is corrected.

(c) The occurrence of a Bankruptcy with respect to the Company.

(d) Any of the representations, warranties or certifications of the Company made in or delivered pursuant to the Loan Agreement proved to have been false or misleading when made (unless such false or misleading representation, warranty or certification could not reasonably be expected to have a Material Adverse Effect under the Loan Agreement) and, if such misrepresentation is capable of being cured, such misrepresentation has not been cured within 30 days after the Company's receipt of written notice from the Trustee or the Collateral Agent of such failure.

(e) (i) A Company Event of Default has occurred, and such Company Event of Default continues beyond any grace or cure period applicable to the Company (and not including any grace or cure period provided to the Company's lenders pursuant to the terms of the Development Agreement); or (ii) the Company fails to perform or observe any material covenant, agreement or obligation under any Principal Project Contract (unless such failure could not reasonably be expected to have a Material Adverse Effect under the Loan Agreement), and the Company has failed to cure such failure or to obtain an effective written waiver thereof within the expiration of any applicable grace period relating to such covenant, agreement or obligation, provided, however, that with respect to this subclause (ii), if such cure or waiver cannot reasonably be obtained within the applicable period, the Company will be entitled to an extension of such time (such extension not to exceed 180 days) if corrective action is instituted by the Company within the applicable period and diligently pursued until such failure is corrected.

(f) One or more judgments for the payment of money in an aggregate amount in excess of \$10 million (indexed annually to the CPI) has been rendered against the Company and the same remains undischarged for a period of 30 consecutive days during which execution has not been effectively stayed, or any action has been legally taken by a judgment creditor to attach or levy upon any assets of the Company to enforce any such judgment or is not adequately covered by insurance or a performance bond for a period of 30 days.

(g) Any payment required to be made under the Equity Contribution Agreement has not been made at such time and in such amount as required thereunder, any draw on any Capital Contributions Letter of Credit has not been timely honored and any such failure to make payment shall have not been cured within 30 days following such failure.

(h) The Development Agreement expires or is terminated (whether by reason of a default under the Development Agreement or by mutual agreement of the parties thereto or otherwise), or for any reason or ceases to be in full force and effect.

(i) The Company abandons all or a material part of the Project or its activities to design, develop, cause the construction of, operate or maintain the Project in each case, other than in case of a Relief Event, which abandonment will be deemed to have occurred if the Company fails, without reasonable cause, to conduct its activities in accordance with the Development Agreement to design, develop, cause the construction of, operate or maintain the Project for 90 consecutive days (other than as a result of a Relief Event).

(j) Any Principal Project Contract (other than the Development Agreement) or the Equity Contribution Agreement is or becomes wholly or partly void, voidable, unenforceable or illegal, and such event or circumstance could reasonably be expected to have a Material Adverse Effect under the Loan Agreement, unless, in the case of any Principal Project Contract (other than the Development Agreement) or the Equity Contribution Agreement, such document is replaced by a contract on substantially similar terms with a counterparty reasonably acceptable to the Trustee within 30 days following the earlier of (i) the Company's actual knowledge of such occurrence and (ii) the

delivery of written notice thereof to the Company by the Issuer, the Trustee or the Collateral Agent, or such longer period, not exceeding 180 days, reasonably necessary to effect such replacement.

(k) Any Principal Project Contract is terminated by any party thereto, other than in section (c) of “—Transaction Documents” above or by reason of all the obligations of the parties thereunder having been fulfilled or the expiration of the term thereof, and such event could reasonably be expected to have a Material Adverse Effect under the Loan Agreement, unless, in the case of any Principal Project Contract (other than the Development Agreement), such Principal Project Contract is replaced in accordance with the requirements in section (c) of the “—Transaction Documents” above within 30 days following the delivery of written notice thereof to the Company, or such longer period, not exceeding 180 days, reasonably necessary to effect such replacement.

(l) Any "Indenture Event of Default" occurs and is continuing.

(m) An "event of default" (or any analogous event) occurs under any Additional Financing Document covering Additional Senior Obligations having outstanding commitments and indebtedness in excess of \$20,000,000.

(n) Any Security Document to which the Company, HoldCo, the Equity Participants or the Collateral Agent is a party ceases, except in accordance with its terms, to be effective to grant a perfected lien on the collateral described therein (other than on an immaterial portion thereof), other than as a result of actions or failure to act by the Collateral Agent or any other Secured Party.

(o) Any insurance required under “—Insurance” above is not, or ceases to be, in full force and effect at any time when it is required to be in effect, unless (i) such insurance is (prior to its cessation) replaced by insurance on substantially similar terms within five business days or (ii) in respect of any insurance required to be effected under the Development Agreement, the risks covered by such insurance are uninsurable or such insurance is determined to be not commercially available in the insurance market as determined by the insurance review procedures as provided in of the Development Agreement.

(p) The Project Substantial Completion Date for the Project has not occurred by the Project Substantial Completion Long Stop Date (as such date may be extended in accordance with the Development Agreement).

The provisions above are subject to the following limitation: if by reason of a Force Majeure Event the Company is unable in whole or in part to carry out any of its agreements contained or referenced in the Loan Agreement (other than its payment obligations in respect of the Bonds), no Loan Agreement Event of Default will be deemed to have occurred and be continuing during the continuance of such inability so long as the Company is pursuing relief under the Development Agreement for such event. The Company agrees, however, to use reasonable efforts which are consistent with accepted industry practices to resume performance as soon as practicable under the applicable circumstances.

Remedies on Event of Default

Whenever any Loan Agreement Event of Default referred to in the section “—*Events of Default*” above has occurred and is continuing, subject to the terms if the Intercreditor Agreement, the Trustee (or the Issuer with the written consent of the Trustee will take one or any combination of the following remedial steps, by notice to the Company, the Collateral Agent and, as applicable, the Issuer (for the avoidance of doubt, the taking of any such remedial steps is subject to any limitations thereon imposed by the Collateral Agency Agreement):

(a) declare that all or any part of any amount outstanding under the Loan Agreement is (i) immediately due and payable, and/or (ii) payable on demand by the Trustee, and any such notice will take effect in accordance with its terms but only if all amounts payable with respect to the outstanding Bonds are being accelerated, or if all of the outstanding Series 2017 Bonds are being defeased pursuant to the Indenture or otherwise paid in full, provided, that in the case of a Loan Agreement Event of Default under the Loan Agreement with respect to a Bankruptcy of the Company, all amounts outstanding under the Loan Agreement will become due and payable without any action or notice;

(b) have reasonable access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Company during regular business hours of the Company if reasonably necessary in the opinion of the Trustee;

(c) take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under the Loan Agreement subject to the terms of the Collateral Agency Agreement; or

(d) pursuant to, and subject to the limitations of, the terms of the Collateral Agency Agreement, direct the Collateral Agent to take any and all actions necessary to implement any available remedies with respect to the Collateral under the Collateral Agency Agreement and any other Security Document.

Any amounts collected pursuant to actions taken under this section “—*Remedies on Event of Default*” and the Security Documents paid to the Trustee after the Collateral Agent has applied such amounts in accordance with the provisions of the Collateral Agency Agreement and the Intercreditor Agreement will be deposited into the Debt Service Reserve Fund and applied in accordance with the provisions of the Indenture.

Rescissions and Waivers

(a) The Issuer will rescind any acceleration and its consequences immediately after the acceleration of the Series 2017 Bonds has been rescinded in accordance with the Indenture.

(b) The Issuer will waive any Loan Agreement Event of Default immediately after any such Event of Default has been waived in accordance with the Indenture.

In case of any such waiver or rescission, then and in every such case the Issuer, the Trustee and the Company will be restored to their former positions and rights, but no such waiver will extend to any subsequent or other Loan Agreement Event of Default, or impair any right consequent thereon.

No Remedy Exclusive

Subject to the remedies section of the Indenture and the Collateral Agency Agreement, no remedy under the Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default in respect of a Loan Agreement Event of Default will impair any such right or power or will be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in the “—Remedies of Event of Default” above, it will not be necessary to give any notice, other than such notice as may be required by law or as provided in the Loan Agreement. Any such rights and remedies as are given to the Issuer under the Loan Agreement will also extend to the Beneficial Owners of the Bonds, and the Trustee, subject to the provisions of the Indenture, will be entitled to the benefit of all covenants and agreements in the Loan Agreement, subject to the terms of the Collateral Agency Agreement and the other Security Documents. See Appendix E—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Remedies Following and During the Continuance of an Event of Default,” and Appendix D—“SUMMARY OF CERTAIN PROVISIONS OF THE COLLATERAL AGENCY AGREEMENT—Collateral and Remedies—*Enforcement of Remedies*.”

Miscellaneous

Term of Agreement

The Loan Agreement is effective upon execution and delivery and will expire at such time as all of the Series 2017 Bonds and the fees and expenses of the Issuer and the Trustee will have been fully paid or provision made for such payments, whichever is later; provided, however, that the Loan Agreement may be terminated prior to such date

pursuant to prepayment and redemption as provided in the Loan Agreement and defeasance as provided in the Indenture, but in no event before all of the obligations and duties of the Company under the Loan Agreement have been fully performed, including, without limitation, the payments of all costs and fees mandated under the Loan Agreement or any other financing Document to which the Company is a party.

Amendments, Changes and Modifications

Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), and except as otherwise expressly provided in the Loan Agreement, the Loan Agreement may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of the Indenture.

Applicable Law and Venue

Subject to the succeeding paragraph, the Loan Agreement is governed by and construed in accordance with the laws of the State of New York.

Notwithstanding the immediately preceding paragraph, any disputes, claims, defenses, controversies or causes of action based upon, arising out of or relating to the following enumerated matters shall be governed by the laws of the State, excluding conflicts of law principles: (i) the Issuer's organization, existence, statutory and corporate powers, and legal and contractual capacity; (ii) the Issuer's right to the payment of its fees, costs and expenses; (iii) the Issuer's and the Issuer's Indemnified Persons' rights to indemnification from the Company (and the Company's corresponding obligation to provide such indemnification); (iv) the Company's release of the Issuer and the Issuer Indemnified Persons from liability; (v) exculpation of the Issuer and the Issuer Indemnified Persons from pecuniary liability; (vi) the Issuer's governmental rights, privileges and immunities; and (vii) any matter in respect of the Reserved Rights.

Subject to the following proviso, exclusive jurisdiction and venue for any actions brought under the Loan Agreement will be in the courts of the State of New York sitting in New York County and the United States District Court of the Southern District of New York, and any appellate court from any thereof, as applicable; provided, that to the extent that a dispute, claim, controversy or cause of action enumerated in the immediately preceding paragraph can be separated, from other disputes under the Loan Agreement ("Separate Dispute"), such Separate Dispute will be adjudicated by a state or federal court of competent jurisdiction located in Dane County, Wisconsin. By executing and delivering the Loan Agreement, each party thereto irrevocably: (i) accepts generally and unconditionally the exclusive jurisdiction and venue of such courts; (ii) waives any defense of *forum non conveniens*; and (iii) agrees not to seek removal of such proceedings to any court or forum other than as specified above. The foregoing does not constitute a waiver by the Issuer of any prior notice or procedural requirements applicable to actions or claims against or involving joint powers commissions or governmental units of the State that may exist at the time of and in connection with such matter.

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APPENDIX G
CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT

INTRODUCTION

Unless otherwise defined herein, capitalized terms used herein are defined in Appendix 1— “GLOSSARY OF TERMS.”

DENVER INTERNATIONAL AIRPORT

The Airport serves as the primary air carrier airport for the Rocky Mountain region, and according to statistics compiled by Airports Council International for 2016, the Airport was ranked as the 6th busiest airport in the nation and the 18th busiest airport in the world based on total passengers. See “DENVER INTERNATIONAL AIRPORT” and “AVIATION ACTIVITY AND AIRLINES.” The Airport site encompasses approximately 53 square miles located about 24 miles northeast of Denver’s central business district. The passenger terminal complex is reached via Peña Boulevard, a 12-mile dedicated access road that connects with Interstate 70 and intersects with the E-470 toll highway.

Airfield

The Airport’s airfield includes six runways and related aircraft parking ramps, taxiways and perimeter taxiways. Five of the Airport’s runways are 12,000 feet long by 150 feet wide, and the sixth runway is 16,000 feet long by 200 feet wide, making it the longest commercial service precision-instrument runway in North America. The airfield can accommodate fully loaded jumbo jets and large airliners, including the Airbus A-380, and can provide unrestricted global access for any airline using the Airport. Four of the Airport’s runways have north/south alignments and two have east/west alignments, and are able to accommodate simultaneous parallel arrivals during poor weather conditions when instrument flight rules are in effect. The runway/taxiway lighting system, with lights embedded in the concrete pavement to form centerlines and stopbars at intersections, also allows air traffic controllers to guide pilots and direct them through the airfield during periods of poor visibility. The airfield has substantial expansion capabilities, having been designed to accommodate up to 12 runways. See also “CAPITAL PROGRAM” for a discussion of the airfield maintenance and improvements planned for the Airport.

Airfield facilities also include a FAA air traffic control tower and base building structures, an airport maintenance complex, four “rapid response” aircraft rescue and firefighting stations, de-icing pads, glycol storage/distribution/collection/recycling facilities and a hydrant fueling system. See “— AGREEMENTS FOR USE OF AIRPORT FACILITIES — Systems Leases.”

Terminal Complex

The passenger terminal complex consists of (1) a landside terminal, (2) three airside concourses currently having a total of 111 full-service contact gates and 32 ground loading positions (ground loading positions decreased by 10 from 2016 due to the construction of the ground loading facility in Concourse A), (3) the Airport Office Building, and (4) the Hotel and Transit Center (described below). The terminal and concourses are connected by an underground automated guideway transit system, or “AGTS,” and an elevated walkway connects the terminal with the Airport Office Building and Concourse A. A shuttle bus system also is available for the emergency transportation of passengers between the landside terminal and Concourses B and C. The landside terminal (referred to herein as Jeppesen Terminal) encompasses approximately 1.2 million square feet (exclusive of international customs facilities, terminal support area and mechanical/electrical space), and includes ticketing, baggage system facilities, including federal explosive detection systems installed “in-line” for the screening of checked baggage, passenger drop off/pick up, ground transportation, concessions and other general passenger support services. Concourse A, nearest to the Jeppesen Terminal, encompasses approximately one million square feet and includes 28 full-service contact gates, of which eight gates are configured for international flights, as well as facilities dedicated to commuter airline operations. Concourse B encompasses approximately 1.7 million square feet and includes 54 full-service contact gates plus facilities dedicated for commuter airline operations. Concourse C encompasses approximately 765,000 square feet and currently includes 29 full-service contact gates of which two gates are configured for international flights. The

Airport was designed to facilitate expansion to more than 250 full-service contact gates either through lengthening of the existing concourses or the construction of two additional concourses. See “CAPITAL PROGRAM — Major Projects in the 2018-2022 Capital Program — Concourses A, B and C.” For a discussion of the airline leases for gates on the concourses and space in the terminal, see “AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements” and “— Other Agreements — Terminal Complex Concessions.”

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

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

Hotel and Transit Center

The 2013-2018 Capital Program included the addition of the Hotel and Transit Center (previously known as the South Terminal Redevelopment Program) to Jeppesen Terminal. The Hotel and Transit Center includes the 519 room Westin Denver International Airport hotel (the “Airport Hotel”), a 37,500 square-foot conference center, an 82,000 square-foot open-air plaza, and a train station (the “Airport Transit Center”) to serve RTD’s commuter rail service to downtown Denver.

The Airport Hotel. The Airport Hotel opened in November 2015 and is managed and operated by Westin DIA Hotel Operator, LLC, a Delaware limited liability company (“Westin”), pursuant to a Hotel Management Agreement (the “HMA”) between the City and Westin. Under the HMA, the City has engaged Westin to manage the Airport Hotel as the exclusive operator for fifteen years following the opening date of the Airport Hotel unless the HMA is terminated earlier pursuant to the provisions thereof. Westin has the right and the duty under the HMA to operate the Airport Hotel as a “first class” hotel in accordance with certain standards, policies and programs and in a manner reasonably calculated to optimize the financial performance of the Airport Hotel. The City and Westin intend for the HMA to constitute a “Qualified Management Agreement” for purposes of the Tax Code.

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

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

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

The obligations of the City under the HMA are in all respects subject to, and subordinate to, the Bond Ordinance and to any other bond ordinances that amend, supplement, or replace the Bond Ordinance. In the event that the Bond Ordinance is amended after the date of the HMA, and such amendment imposes a material adverse burden on the Hotel Manager not otherwise contemplated by the HMA, the Hotel Manager is required to amend the HMA with the City in order to comply with the amendments to the Bond Ordinance. The City agrees to compensate

the Hotel Manager in order to maintain or restore to the Hotel Manager the benefits expected to be received pursuant to the original terms of the HMA.

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

In 2016, the City and RTD entered into an Intergovernmental Agreement for Fastracks East Corridor/Denver International Airport which contemplates the implementation of the Airport Transit Center, Peña Boulevard Station, and additional Gateway Stations on the East Corridor Line.

Other Facilities

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

The Series 2017A-B Bonds

The City has published an official statement related to the issuance of its Airport System Revenue Bonds, Series 2017A Bonds (AMT) and Airport System Revenue Bonds, Series 2017B Bonds (Non-AMT) (collectively, the "**Series 2017A-B Bonds**"). Such official statement for the Series 2017A-B Bonds contains a report of the Airport's consultant, which can be found on the following website: www.munidoc.com, but which is not incorporated herein (or anywhere in, or to this Official Statement) by reference.

Additional Information

Brief descriptions of the Bonds, the City, the Department, the Airport, the Airport System and certain other documents are included in this Official Statement and the appendices hereto. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument.

Forward Looking Statements

This Appendix G contains statements relating to future results that are "forward looking statements" as defined in the Federal Private Securities Litigation Reform Act of 1995. When used in this Appendix G, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect," "assume" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements.

MANAGEMENT OF THE AIRPORT SYSTEM

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

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

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

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

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

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

Patrick Heck returned to the Airport in 2016 as Chief Commercial Officer and Executive Vice President for Global Development after serving five years as the Airport's Chief Financial Officer from 2009 to 2014. Mr. Heck is responsible for all Airport commercial revenue programs including the retail, food and beverage, commercial property, car rental, parking and ground transportation businesses. He is also in charge of airline affairs and air service

development. Prior to his return to the Airport, Mr. Heck served as the Vice President of Commercial for Manchester Airports Group USA, leading the parking and public-private partnership aspects of the business. Prior to that position, he was the Chief Financial Officer for Continuum Partners, a Denver-based real estate development firm. Mr. Heck began his nearly 20-year aviation career at United Airlines, holding several positions in finance, operations and sales and marketing. Mr. Heck holds a Master of Public Policy from the University of Chicago and a Bachelor of Arts in public policy and music from the University of Denver.

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

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

CAPITAL PROGRAM

It is Airport management’s practice to develop a capital program for the Airport System and reevaluate the capital needs of the Airport System on a regular basis to reflect changes in, among other things (i) the type of projects that it plans to undertake based on current and projected aviation demand and major maintenance needs of facilities and/or equipment, (ii) the scope and timing of individual projects, (iii) project costs, and (iv) the timing and amount of available funding sources.

Airport management developed a new capital program for the Airport for the years 2018 through 2022 (the “2018-2022 Capital Program”). The City’s last adopted capital program for the Airport was developed for the period 2013-2018. Major projects completed in 2013 through 2017 as part of the 2013-2018 Capital Program include the Hotel and Transit Center, the expansion of Concourse C to add gates, construction of a new parking garage and airfield pavement rehabilitation and lighting projects.

2018-2022 Capital Program

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

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

Source: Department of Aviation.

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

Major Projects in the 2018-2022 Capital Program

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

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

On Concourse A, the project would add 12 new mainline gates on the west side of the concourse, with a portion of these gates configured to accommodate both domestic and international operations. The Concourse B expansion would add four new mainline gates on the west side of the concourse and a net of seven new mainline gates on the east side of the concourse, as it will replace certain ground loading and regional jet facility operations to increase capacity. The Concourse C expansion will add 16 new mainline gates on the east side of the concourse.

Jeppesen Terminal. Major projects include the Great Hall project, baggage system upgrades, additional AGTS train sets and the AGTS car replacement program.

Great Hall Project. See “THE PROJECT” and “THE PRINCIPAL PROJECT AGREEMENTS—The Development Agreement” contained in the body of the Official Statement.

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

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

Landside. Major projects include the East Bound Peña Boulevard reconstruction, realignment, and widening of the Y split and various sections of roadway as well as annual pavement rehabilitation to replace deteriorating concrete. In addition, this includes the replacement of the revenue control system, which will improve parking services.

DEN Real Estate. The Airport is near completion of the DEN Strategic Development Plan, which will provide guidance on land opportunities available for commercial development. The plan focuses on development districts and infrastructure based on “Smart City” concepts. DEN Real Estate is in the process of finalizing an infrastructure implementation phasing strategy, and planned projects include the funding to construct infrastructure for the initial 1,500 acres of commercial development, pursuant to the IGA Amendment (as defined below), to generate additional non-airline revenues to support passenger growth at the Airport.

Plan of Funding for the 2018-2022 Capital Program

Airport management currently expects that the 2018-2022 Capital Program will be funded with (i) approximately \$3.9 billion of additional Airport revenue bonds to fund approximately \$3.2 billion in project costs, which additional Airport revenue bonds are expected to consist of approximately \$1.9 billion of Senior Bonds and \$2.0 billion of Subordinate Bonds; (ii) amounts on deposit in the Capital Fund in the amount of approximately \$180 million; (iii) Subordinate Contract Obligations (described under “—FINANCIAL INFORMATION — Other

Subordinate Obligations”); and (iv) grants-in-aid from the FAA and/or the Transportation Security Administration (“TSA”) in the amount of approximately \$120 million.

AVIATION ACTIVITY AND AIRLINES

Denver Air Service Region

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

Airlines Serving the Airport

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

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

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

Source: Department of Aviation management records.

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

Airline Information

The United Group. United is the principal air carrier operating at the Airport. The Airport is a primary connecting hub in United’s route system both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.). Under its Use and Lease Agreement, which expires in 2035, United currently leases 54 full-service contact gates and 14 ground loading positions.

On October 1, 2010, United Continental Holdings (formerly known as UAL Corporation), the parent company of United, completed the merger of United and Continental, and integrated the two airlines under the United brand to operate under a single FAA operating certificate as of November 30, 2011. The United Group (United and

United Express) accounted for approximately 42.3% and 42.0% of passenger enplanements at the Airport in 2015 and in 2016, respectively. In addition, the Airport ranked as the 4th busiest airport in the United route network based on enplaned passenger data for 2016.

The City makes no representations regarding the financial conditions of United Continental Holdings or United or their future plans generally or with regard to the Airport in particular. See also “— Aviation Activity, — Originating and Connecting Passengers” in this section, as well as “— AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements — *United Use and Lease Agreement*,” and “— FINANCIAL INFORMATION — Special Facilities Bonds.”

Southwest. Southwest had the second largest market share at the Airport in 2015 and 2016. Southwest commenced service at the Airport in January 2006 and since that time has experienced strong and continued growth in airline service at the Airport. Southwest initially served ten cities from the Airport, compared to the 63 cities to which it currently provides nonstop service from the Airport. In 2016, the Airport was the 4th busiest airport in the Southwest system based on scheduled seats. In May 2011, Southwest acquired AirTran Holdings, Inc. (the parent of AirTran Airways). Southwest integrated AirTran Airways into the Southwest brand in March 2012 and operates Southwest and AirTran Airways under a single FAA operating certificate.

Southwest leases 25 gates at the Airport pursuant to a Use and Lease Agreement with the City which expires on December 31, 2018, with an option (available only to the City) to extend such term until December 31, 2020.

The City makes no representations regarding the financial conditions of Southwest or its future plans generally or with regard to the Airport in particular. See also “— Aviation Activity, — Originating and Connecting Passengers” in this section, as well as “— AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements.”

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

Frontier leases 8 gates at the Airport pursuant to a Use and Lease Agreement with the City which expires on December 31, 2018, with an option (available only to the City) to extend such term until December 31, 2020.

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

American. In December 2013, American Airlines and US Airways announced the completion of a merger to form the American Airlines Group. The American Airlines Group received a single FAA operating certificate on April 8, 2015. With no connecting enplaned passenger traffic, American does not use the Airport as a major hub, accounting for 5.6% of passenger enplanements at the Airport in 2016.

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

Other Airlines. Other than the United Group, the Frontier Group, Southwest, American and Delta, no single airline currently accounts for more than 5% of any of passenger enplanements at the Airport. See “Aviation Activity — *Passenger Traffic*” in this section, as well as “— AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements.”

Availability of Information Concerning Individual Airlines. Certain of the airlines or their parent corporations, including United Continental Holdings, Frontier, Southwest, and American, are subject to the

information reporting requirements of the Securities Exchange Act of 1934, as amended, and as such are required to file periodic reports, including financial and operational data, with the SEC. All such reports and statements may be inspected in the Public Reference Room of the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, NW, Washington DC, 20549, and at the SEC's regional offices at the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661-25 11 and 233 Broadway, New York, NY 10279. Copies of these reports and statements also may be obtained from the Public Reference Section of the SEC at 450 Fifth Street, NW, Washington, DC 20549, at prescribed rates. The SEC maintains a website at <http://www.sec.gov> containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation (the "DOT"). Information collected from these reports is available from the DOT's Bureau of Information Statistics on its website at <https://www.transtats.bts.gov>. The contents of this website are not incorporated into this Official Statement.

None of the City, the Department or the Underwriters undertakes any responsibility for, and none of them makes any representations as to, the accuracy or completeness of the content of information available from the SEC or the DOT as discussed above, including, but not limited to, updates of such information or links to other Internet sites accessed through the SEC or the DOT websites. The contents of such websites are not incorporated into this Official Statement by this reference.

Airlines owned by foreign governments or foreign corporations operating airlines (unless such foreign airlines have American Depository Receipts registered on a national exchange) are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the DOT.

Aviation Activity

Passenger Traffic. Denver's central geographic location makes it a major destination point for communities throughout the Rocky Mountain region and a major transportation hub for airline flights connecting between the east and west coasts and other major metropolitan centers. According to statistics compiled by Airports Council International for 2016, the Airport was ranked as the 6th busiest airport in the nation and the 18th busiest airport in the world based on total passengers. The tables set forth below under "*— Passenger and Revenue Information*" and "*— Summary of Aviation Activity*" present total enplanements at the Airport, enplaned passengers by airline type, and market share of individual airlines serving the Airport for the past five years.

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

With a few exceptions, the Airport has experienced continual growth in both passenger traffic and associated revenues. The Airport was negatively impacted by the global economic recession that began in late 2007 and the associated weakened demand for air travel and reduced airline passenger capacity. In 2008, although the number of enplaned passengers at the Airport continued to increase, the rate of growth declined from that experienced in previous years, and in 2009 the number of enplaned passengers at the Airport declined by 2.0%, the first decline since 2002. However, in 2010 the number of enplaned passengers at the Airport rebounded, with an increase of 3.6% over 2009. With the exception of a 1.2% decrease in 2013, the number of enplaned passengers has increased since 2010. In 2016, the Airport served approximately 29.1 million enplaned passengers (a 7.9% increase over 2015), which is the highest number of enplaned passengers at the Airport since it opened in 1995. Approximately 63.6% of passengers enplaned in 2016 originated their travel at the Airport and 36.4% of passengers made connecting flights at the Airport.

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

History of Enplaned Passengers at the Airport

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

¹ Compared to 23.665 million enplaned passengers in 2006.

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

³ Percentage changes are from the same period in 2015.

Source: Department of Aviation management records.

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

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

Enplaned Passengers by Airline Type ¹

<u>Year</u>	<u>Major/National</u>		<u>Foreign Flag</u>		<u>Regional/Commuter</u>		<u>Charter/ Miscellaneous</u>		<u>Total</u>	
	<u>Airlines²</u>		<u>Airlines</u>		<u>Airlines</u>		<u>Airlines</u>		<u>Airlines</u>	
	<u>Enplaned Passengers</u>	<u>Percent Change</u>	<u>Enplaned Passengers</u>	<u>Percent Change</u>	<u>Enplaned Passengers</u>	<u>Percent Change</u>	<u>Enplaned Passengers</u>	<u>Percent Change</u>	<u>Enplaned Passengers</u>	<u>Percent Change</u>
2012	21,692,404	1.5%	291,729	(12.5)%	4,323,837	(2.6)%	289,021	(5.7)%	26,596,991	0.5%
2013	21,301,891	(1.8)	316,223	8.4	4,436,819	2.6	230,374	(20.3)	26,285,307	(1.2)
2014	21,646,678	1.6	317,877	0.5	4,770,855	7.5	1,274	(99.4)	26,736,684	1.7
2015	22,374,695	3.4	338,813	6.6	4,296,830	(9.9)	8,591	38.4	27,018,929	1.1
2016	24,592,838	9.9	404,754	19.5	4,138,502	(3.7)	4,110	(52.2)	29,140,204	7.9
Jan- Sept										
2016 ²	18,324,039	10.4%	308,023	16.6%	3,135,802	(3.8)%	2,799	(49.9)%	21,770,663	8.2%
2017	19,818,178	8.2	377,719	22.6	2,937,465	(6.3)	1,102	(60.6)	23,134,464	6.3

¹ Includes revenue and nonrevenue enplaned passengers. In 2014, the airport adjusted the methodology of classifying the airlines between each category based on the type of operation. This primarily included transferring United Express international operations from the Miscellaneous category to the Regional category.

² Percentage changes are from the same period in 2015.

Source: Department of Aviation management records.

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

Percentage of Enplaned Passengers by Traffic Type

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

Source: Department of Aviation management records.

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

Percentage of Enplaned Passengers by Airline

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

¹ Southwest and AirTran Airways merged in March 2012. See also “— Airline Information — *Southwest*” above.

² Includes Frontier, Lynx, and Republic Holdings. Lynx commenced service at the Airport in December 2007. In March 2011, Republic Holdings discontinued Lynx and transitioned its Q400 turboprop service to the Frontier Express brand. Frontier was acquired by Indigo Partners LLC in November 2013. Frontier no longer has regional flights offered by Republic Holdings. See also “— Airline Information — *The Frontier Group*” above.

³ American Airlines and US Airways merged in December 2013. See also “— Airline Information — *American*” above.

⁴ Includes other airlines with scheduled flights at the Airport.

Source: Department of Aviation management records.

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Summary of Aviation Activity. The following table sets forth a summary of selected aviation activity at the Airport for the past five years and for the first nine months of 2016 and 2017. Totals may not add due to rounding.

	Calendar Year					January-September	
	2012	2013	2014	2015	2016	2016	2017
Originating Passengers (millions):	14.785	15.328	16.214	17.353	18.527	13.867	14.771
Percent of Total Enplaned	55.6%	58.3%	60.6%	64.2%	63.6%	63.7%	63.8%
Connecting Passengers (millions):	11.812	10.957	10.523	9.666	10.613	7.904	8.364
Percent Connecting of Total Enplaned	44.4%	41.7%	39.4%	35.8%	36.4%	36.3%	36.2%
United Group Passengers:							
Percent Originating	40.0%	41.1%	40.4%	40.4%	40.9%	41.0%	42.8%
Percent Connecting	60.0%	58.9%	59.6%	59.6%	59.1%	59.0%	57.2%
Southwest¹ Passengers:							
Percent Originating	68.3%	69.0%	72.1%	75.6%	73.5%	73.9%	72.3%
Percent Connecting	31.7%	31.0%	27.9%	24.4%	26.5%	26.1%	27.7%
Frontier² Passengers:							
Percent Originating	48.4%	55.0%	62.6%	78.9%	76.0%	74.9%	74.4%
Percent Connecting	51.6%	45.0%	37.4%	21.1%	24.0%	25.1%	25.6%
American³ Passengers:							
Percent Originating	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percent Connecting	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Delta Passengers:							
Percent Originating	95.8%	95.7%	95.7%	95.8%	95.8%	95.8%	95.8%
Percent Connecting	4.2%	4.3%	4.3%	4.2%	4.2%	4.2%	4.2%
Average Daily Departures⁵:							
Passenger Airlines:							
United	133	125	124	146	167	166	173
United Express	239	246	252	219	201	206	194
Southwest ¹	159	159	158	168	180	180	191
Frontier ²	137	105	100	66	63	64	62
American ³	33	33	33	33	34	35	33
Delta	28	27	26	30	35	35	38
Other	77	72	49	47	60	58	66
Total Passenger Airlines	806	767	742	709	740	743	756
All-Cargo Airlines	25	25	26	26	26	25	26
Total	831	792	768	735	766	768	783
Percent Change from Prior Year	(3.0%)	(4.6%)	(3.0%)	(4.3%)	4.2%	4.4%	3.5%
Landed Weight (billion pounds):							
Passenger Airlines:							
United	7.974	7.432	7.292	8.214	9.452	6.982	7.609
United Express	4.675	4.779	4.881	4.427	4.148	3.166	3.029
Southwest ¹	7.244	7.353	7.423	7.922	8.610	6.397	6.857
Frontier ²	6.338	5.182	5.018	3.339	3.306	2.466	2.465
American Airlines ³	1.630 ⁴	1.582 ⁴	1.609	1.678	1.742	1.325	1.345
Delta	1.334	1.334	1.242	1.390	1.590	1.172	1.293
Other	1.490	1.683	1.571	1.722	2.149	1.587	1.693
Total Passenger Airlines	30.685	29.343	29.036	28.692	30.996	23.096	24.290
All-Cargo Airlines	1.204	1.260	1.315	1.363	1.425	1.036	0.994
Total	31.889	30.603	30.351	30.055	32.421	24.131	25.284
Percent Change from Prior Year	(1.9%)	(4.0%)	(0.8%)	(1.0%)	7.9%	7.9%	4.8%
Enplaned Cargo (million pounds)⁶	227.734	222.771	229.458	238.664	229.410	168.492	173.877
Percent Change from Prior Year	(6.1%)	(2.2%)	3.0%	4.0%	(3.9%)	(5.5%)	3.2%
Total Aircraft Operations (Landings/Take-Offs):							
Air Carriers	443,389	420,073	422,178	424,930	445,019	332,457	349,858
Commuter/Military/Taxi/General Aviation	174,868	166,787	152,983	122,718	127,501	96,059	90,378
Total	618,257	586,860	575,161	547,648	572,520	428,516	440,236
Percent Change from Prior Year	(2.6%)	(5.1%)	(2.0%)	(4.8%)	4.5%	4.5%	2.7%

[Footnotes on next page]

- ¹ Southwest and AirTran Airways merged in March 2012. See also “— Airline Information — *Southwest*” above.
- ² Includes Frontier, Lynx, and Republic Holdings. Lynx commenced service at the Airport in December 2007. In March 2011, Republic Holdings discontinued Lynx and transitioned its Q400 turboprop service to the Frontier Express brand. Frontier was acquired by Indigo Partners LLC in November 2013. Frontier no longer has regional flights offered by Republic Holdings. See also “— Airline Information — *The Frontier Group*” above.
- ³ American Airlines and US Airways merged in December 2013. See also “Airline Information— *American*” above.
- ⁴ 2012 and 2013 data includes US Airways data previously categorized under “Other.”
- ⁵ Years 2012 and 2016 were leap years, and reflect daily usage based on 366 calendar days.
- ⁶ The weight of enplaned cargo does not impact the Airport’s Gross Revenues. Revenue is received from cargo carriers only from landing fees and space rentals, which historically have constituted less than 3% of Gross Revenues.

Source: Department of Aviation management records.

Originating and Connecting Passengers

Originating passengers are those enplaned passengers whose flights originate at the Airport (residents and visitors) and who are not connecting from another flight. Historically, originating passengers have accounted for over 50% of total enplaned passengers at the Airport. See “— Aviation Activity — *Summary of Aviation Activity*” above.

Most major airlines have developed their current route systems around connecting passenger hubs at particular airports. The Airport serves as an important hub in the route system of United and Southwest. In addition, the Airport is presently Frontier’s only hub. In 2016, approximately 18.5 million passengers (63.6%) of the approximately 29.1 million passengers enplaned at the Airport originated at the Airport. United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately 27.0%, 34.0%, and 14.6% of originating passengers at the Airport in 2016, respectively. For the first nine months of 2017, United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately 28.2%, 33.3%, and 13.6% of originating passengers at the Airport, respectively.

In addition, approximately 10.6 million passengers (36.4% of total enplaned passengers) connected from one flight to another in 2016. Nearly all of the passengers using the Airport as a connecting hub connected between the flights of United (including its regional airline affiliates operating as United Express), Southwest, or Frontier, which accounted for approximately 68.2%, 21.4%, and 8.0% of the connecting passengers at the Airport in 2016, respectively. For the first nine months of 2017, United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately 66.7%, 22.6%, and 8.3% of connecting passengers at the Airport, respectively. See “— Aviation Activity — *Summary of Aviation Activity*” above.

AGREEMENTS FOR USE OF AIRPORT FACILITIES

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

Passenger Airlines Use and Lease Agreements

Generally. The airlines listed in the following table have executed Use and Lease Agreements with the City that include leased gates. In addition to the current 101 leased gates, ten gates are controlled by the Airport and used on a non-preferential use basis by various airlines.

All Use and Lease Agreements expire on December 31, 2018 (with the exception of United, which expires in 2035) and include an option (available only to the City) to extend such terms until December 31, 2020.

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

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

¹ Includes operations of Virgin America.

Source: Department of Aviation management records.

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

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

As described above, the City is permitted to adjust rates and charges at the beginning of and during each Fiscal Year. For adjustments at the beginning of each Fiscal Year, not later than 45 days prior to the end of the prior Fiscal Year, the City is required to furnish the Signatory Airlines with projections of the rentals, rates, fees and charges for the ensuing Fiscal Year for each cost center of the Airport and of each Signatory Airline’s cost per enplaned passenger for the ensuing Fiscal Year. Not later than 30 days prior to the end of each Fiscal Year, the City and the Signatory Airlines are required to consult and review the projections of rentals, rates, fees and charges for the next ensuing Fiscal Year. For adjustments during a Fiscal Year, the City is required to furnish the Signatory Airlines in August (for United) or no later than September 1 of such Fiscal Year with a projection of rentals, rates, fees and charges (the “Mid-Year Projection”), which is required to reflect the most recently available information regarding current aircraft operations and enplaned passengers, as well as expenses actually incurred and revenues realized to

date during such Fiscal Year. The City is also required to provide (i) a pro forma projection of revenues and expenses for the current Fiscal Year to each Signatory Airline and (ii) a projection of cost per enplaned revenue passenger to United. With respect to United, within 15 days of providing such projections, the City is required to convene a meeting with United to consult and review the Mid-Year Projection and any adjustments to the monthly rentals, rates, fees and charges for the Fiscal Year. With respect to the other Signatory Airlines, the City is required to convene a meeting with the Signatory Airlines to consult and review the Mid-Year Projection and any adjustments to the monthly rentals, rates, fees and charges for the Fiscal Year.

The cost per enplaned passenger for all airlines at the Airport for each of the years 2012 through 2016 is set forth in the following table.

Cost per Enplaned Passenger

<u>Year</u>	<u>Cost Per Enplaned Passenger</u>	<u>Percent Change</u>
2012	\$11.53	(0.3)% ¹
2013	11.81	2.4
2014	12.22	3.5
2015	11.82	(3.3)
2016	10.92	(7.6)

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

Sources: Department of Aviation management records.

Pursuant to the Use and Lease Agreements, for Fiscal Years 2006 and thereafter, 50% of the Net Revenues remaining after payment of debt service and fund deposit requirements, with an annual maximum of \$40 million, is required to be credited to the Airline Revenue Credit Account of the Capital Fund to be applied as a credit against Signatory Airline rentals, fees and charges in the following Fiscal Year, with the balance to be credited to the Capital Improvement Account of the Capital Fund to be used for any lawful Airport purpose.

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

An airline may terminate the Use and Lease Agreement after a 30-day notice and cure period, whether or not Senior Bonds or other obligations of the City or the Department are outstanding, in the event that: (1) its governmental authorization to operate aircraft in or out of the Airport is withdrawn, so long as (a) it did not request such withdrawal, (b) the City has been given the opportunity to appear before the appropriate governmental entity prior to such withdrawal, or (c) the airline has given the City reasonable advance notice of the possible occurrence of such withdrawal; (2) a court of competent jurisdiction issues an injunction against the City preventing the operation of the Airport and such injunction remains in effect for 90 days or more and is not stayed; or (3) the operation of the Airport is substantially restricted by reason of governmental action or casualty (not caused by the airline) and such restriction remains in effect for 90 days or more. Additionally, in the case of United, United may also terminate its Use and Lease Agreement if (1) the City fails to observe or perform any material covenant in the United Use and Lease Agreement or (2) United’s cost per enplaned revenue passenger for any Fiscal Year exceeds an average of \$20 in 1990

dollars (which is approximately \$40.80 in 2016 dollars), which cost threshold has not been reached in the past and is not expected to be reached during the term of the United Use and Lease Agreement.

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

United Use and Lease Agreement. United leases gates under a Use and Lease Agreement originally entered into in January 1992 (as previously defined, the “United Use and Lease Agreement”) with substantially the same terms as the other passenger airlines Use and Lease Agreements described in “*Generally*” above. Under the United Use and Lease Agreement, United agreed to lease, on a preferential use basis, Concourse B, and, on an exclusive use basis, certain ticket counters and other areas in the terminal complex of the Airport, all through February 2035. The United Use and Lease Agreement was amended in 1994 and 2001 prior to United’s bankruptcy. In 2003, in connection with its bankruptcy proceedings, United assumed the Use and Lease Agreement as so amended, and in connection with the assumption, certain changes were made to the United Use and Lease Agreement under a stipulated order of the bankruptcy court. After the assumption and in connection with United’s emergence from bankruptcy generally, the United Use and Lease Agreement was further amended in 2005, 2006, 2007, 2009, 2012, 2014 and 2015, as further described below. As a result, United currently leases 54 full-service contact gates, all located on Concourse B, and 14 ground loading positions. See also “— AVIATION ACTIVITY AND AIRLINES — Airline Information — *The United Group.*”

United discontinued use of the automated baggage system at the Airport in September 2005 and reverted to the traditional tug and cart system. Consequently, the City has taken steps to mitigate automated baggage system costs over time. Pursuant to the 2005-2 Amendatory Lease Agreement dated January 11, 2006 (the “2005-2 Amendment”), the City agreed to a reduction in United’s rates and charges associated with the automated baggage system of \$4.9 million in 2006, \$8.5 million in 2007 and \$11.0 million annually in 2008 through the end of the lease term. This reduction was subordinate to the City’s agreement to reduce all airline rates and charges by \$4 million per year from 2004 through 2010. Such reductions may be decreased or cancelled pursuant to the terms of the 2005-2 Amendment.

Pursuant to the 2006 Amendatory Lease Agreement dated July 6, 2006 (the “2006 Amendment”), the City agreed to further mitigate United’s baggage system charges by defeasing certain outstanding Airport System revenue bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed \$10 million per year, using available Capital Fund moneys and other legally available Airport funds. That bond defeasance has been completed, although the rates and charges cost reductions may cease or be reduced and subsequently reinstated under certain circumstances set forth in the United Use and Lease Agreement as so amended.

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

The 2014 Lease Amendment dated September 19, 2014 (the “2014 Amendment”) extended the term of the United Use and Lease Agreement to February 28, 2035. The 2014 Amendment also made changes to United’s right to reduce its demised premises under the United Use and Lease Agreement. In addition, United agreed to maintain certain levels of Available Seat Miles (“ASMs”) subject to the calculations described in the 2014 Amendment. If United fails to meet those ASMs requirements, United is not in default of the United Use and Lease Agreement. However, in the event of such failure, United is required to make certain financial assurance payments to the City,

subject to a cap of \$20 million per year in 2015-2018, \$15 million per year in 2019-2021, and \$12 million per year in 2022-2025. United met the ASMs requirements for 2016.

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

Cargo Operations Leases

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

There are currently at least two other airports in the Denver metropolitan area that are physically capable of handling the same types of aircraft utilized by carriers that conduct cargo operations at the Airport. To the extent that any such carriers elect to discontinue operations at the Airport in favor of an alternative local site, Net Revenues would not be materially adversely affected. The Airport receives revenue from cargo carriers only from landing fees and space rentals, which historically have constituted less than 3% of Gross Revenues.

Other Building and Ground Leases

The City has entered into a Use and Lease Agreement with Continental (now a subsidiary of United) with respect to certain support facilities originally built for Continental's then-planned hubbing operation at the Airport (portions of which are being subleased by Continental to other users) and special facilities leases and ground lease agreements with United and each of the rental car companies currently operating at the Airport with respect to their respective facilities at the Airport. In 2014, the City negotiated with United for an early termination of a Continental Special Facilities and Ground Lease to take possession of the former Continental hangar. This hangar and the 58.6 acre site were immediately leased to Frontier through May 2019. On March 1, 2015, after the expiration of the Special Facilities Lease with Sky Chefs, the north campus flight kitchen was leased to Southwest through February 2020. In addition, in 1995, the City leased a 12.4-acre site for 30 years to Signature Flight Support (formerly AMR Combs), which has financed and constructed general aviation facilities on the site. See also “— DENVER INTERNATIONAL AIRPORT — Other Facilities,” “— FINANCIAL INFORMATION — Outstanding Senior Bonds and — Special Facilities Bonds.”

Effect of Bankruptcy on Airline Agreements and Other Obligations

For a discussion of the effect of airline bankruptcies on agreements with, and certain other financial obligations to, the City in connection with the Airport.

Systems Leases

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

Other Agreements

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

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

Revenues from concessions, advertising, and other services constituted approximately 9% of Airport operating revenues in each of 2015 and 2016 and approximately 8% of Gross Revenues in each of 2015 and 2016. Unlike the concession programs at most other U.S. airports, the Airport does not have one or two “master concessionaires” under contract who, in turn, sublease the concessions to others. Since its opening in 1995, the Airport’s program has emphasized direct contracting with individual concessionaires, providing opportunities for small businesses, greater competition, more choices for consumers and more revenue to the Airport.

Under the Great Hall Agreement, the Great Hall Developer has an exclusive license to develop and manage a concession program with respect to substantially all of the concessions space located in Levels 5 and 6 of Jeppesen Terminal and will operate the concessions program in accordance with a concessions development and management plan, reviewed by the parties to the Great Hall Agreement every two years and subject to the City’s approval. Revenues generated by concessions operated by the Great Hall Developer (substantially all of which are expected to be generated from food, beverage and retail concessions) will be split 20% to the Great Hall Developer and 80% to the City. Revenues from advertisements and services offered at Jeppesen Terminal will be retained by the City. In 2016, approximately 5% of total concession revenues of the Airport were generated from the food, beverage and retail concessions located in Jeppesen Terminal. See “CAPITAL PROGRAM — Major Projects in the 2018-2022 Capital Program — *Jeppesen Terminal*.”

Public Parking. Public automobile parking at the Airport is accommodated in parking structures, economy lots adjacent to the terminal, a remote shuttle parking lot and an overflow shuttle lot. The City has agreements with private contractors to manage these public parking facilities at the Airport, and also a concession agreement with a company operating a private parking lot on Airport property with approximately 1,500 spaces. Public parking revenues constituted approximately 25% and 23% of Airport operating revenues in 2015 and 2016, respectively, and approximately 22% and 20% of Gross Revenues in 2015 and 2016, respectively. Effective January 1, 2013, the Airport increased maximum daily parking rates in an effort to optimize revenue from public parking facilities at the Airport. Additional parking rate increases occurred in August 2014.

Rental Cars. The City has concession agreements with eight rental car companies, which collectively contain twelve brands, to provide service at the Airport. Under the concession agreements which expire on December 31, 2020, each company pays to the City the greater of a minimum annual guarantee or a percentage of annual gross revenues. Rental car revenues constituted approximately 9% of Airport operating revenues in each of 2015 and 2016, and approximately 8% of Gross Revenues in each of 2015 and 2016.

Other. Other nonairline revenues include employee parking fees and storage area and building and terminal space (such as customer service counters) rentals by nonairline tenants at the Airport.

HISTORICAL DEBT SERVICE COVERAGE OF SENIOR BONDS AND SUBORDINATE DEBT SERVICE REQUIREMENTS

Set forth in the following table is a calculation of Net Revenues and debt service coverage of the outstanding Senior Bonds and Subordinate Debt Service Requirements from 2012 through 2016. PFCs set forth in the following table reflect amounts actually received in the applicable Fiscal Year, plus investment earnings thereon, and will differ from the PFCs appearing in the financial statements of the Airport System and elsewhere in this Official Statement that are reported on an accrual basis. No representation, warranty or other assurance is made or given that historical debt service coverage levels will be experienced in the future.

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

	Fiscal Year Ended December 31				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Gross Revenues, not including Designated Passenger Facility Charges ^{1,7}	\$679,008	\$708,846	\$751,428	\$754,688 ⁷	\$808,110 ⁷
Designated Passenger Facility Charges ²	<u>34,271</u>	<u>34,255</u>	<u>34,977</u>	<u>35,328</u>	<u>35,133</u>
Gross Revenues ^{1,7}	713,279	743,101	786,405 ⁷	790,016 ⁷	843,243 ⁷
Operation and Maintenance Expenses ¹	<u>(318,394)</u>	<u>(349,987)</u>	<u>(355,769)</u>	<u>(377,199)</u>	<u>(417,140)</u>
Net Revenues	394,885	393,114	430,636	412,817	426,103
Other Available Funds ³	<u>51,685</u>	<u>50,409</u>	<u>54,833</u>	<u>50,320</u>	<u>51,574</u>
Total Amount Available for Debt Service	\$446,570	\$443,524	\$485,469	\$463,137	\$477,677
Senior Bond Debt Service ⁴	\$278,063	\$271,268	\$289,287	\$271,935	\$276,562
Committed Passenger Facility Charges ⁵	<u>(68,543)</u>	<u>(68,510)</u>	<u>(69,953)</u>	<u>(70,656)</u>	<u>(70,267)</u>
Debt Service Requirements for the Senior Bonds	\$209,520	\$202,758	\$219,334	\$201,279	\$206,295
Debt Service Coverage for the Senior Bonds	213%	219%	221%	230%	232%
Subordinate Debt Service Requirements ⁶	\$ 38,043	\$40,059	\$49,088	\$61,233	\$88,619
Debt Service Requirements for the Senior Bonds	<u>209,520</u>	<u>202,758</u>	<u>219,334</u>	<u>201,279</u>	<u>206,295</u>
Aggregate Debt Service Requirements for the Senior Bonds and Subordinate Debt Service Requirements	\$247,562	\$242,817	\$268,422	\$262,512	\$294,914
Aggregate Debt Service Coverage for the Senior Bonds and Subordinate Debt Service Requirements	180%	183%	181%	176%	162%

¹ Gross Revenues and Operation and Maintenance Expenses in this table are determined in accordance with the definitions of such terms in the Bond Ordinance, and are not directly comparable to the information provided in “—FINANCIAL INFORMATION — Historical Financial Operations.” See also Appendix 1 — “GLOSSARY OF TERMS.”

² Reflects that portion of PFC revenues included in the Airport System’s Gross Revenues for Fiscal Years 2012 through 2016. See “—FINANCIAL INFORMATION — Passenger Facility Charges — *Designated Passenger Facility Charges.*”

³ Other Available Funds is defined in the Bond Ordinance to mean for any Fiscal Year the amount determined by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event is such amount to exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year. See Appendix 1 — “GLOSSARY OF TERMS.”

⁴ Senior Bond debt service not reduced by the irrevocably Committed Passenger Facility Charges but reduced by capitalized interest and certain other available funds irrevocably committed to the payment of Senior Bonds Debt Service Requirements, including the debt service on certain Senior Bonds that have been economically defeased. See “— FINANCIAL INFORMATION — Outstanding Senior Bonds” and “— Passenger Facility Charges.” Senior Bond debt service is reduced by an estimated Build America Bonds subsidy payments from the United States Treasury. As of December 31, 2016, the total projected subsidy to maturity of such bonds is approximately \$1.37 million which amount is subject to change.

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

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

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

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

FINANCIAL INFORMATION

Historical Financial Operations

The following table sets forth comparative operating results of the Airport System for Fiscal Years 2012 through 2016 and for the first nine months of 2016 and 2017. See also Appendix K— “ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2016 AND 2015” and “Management’s Discussion and Analysis of Financial Performance” below.

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City and County of Denver Airport System
Statement of Revenues, Expenses and Changes in Net Assets
(Amounts expressed in 000's. Totals may not add due to rounding.)

	Fiscal Year Ended December 31 ¹					Nine Months Ended September 31 (unaudited)	
	<u>2012²</u>	<u>2013</u>	<u>2014³</u>	<u>2015³</u>	<u>2016³</u>	<u>2016³</u>	<u>2017</u>
Operating Revenues:							
Facility Rentals	\$211,411	\$214,251	\$235,774	\$194,004 ⁴	\$198,407	\$149,209	\$144,749
Concession income	49,592	52,022	55,863	59,677	67,408	48,907	53,572
Parking income	137,912	159,465	167,851	178,478	176,949	134,105	131,578
Car rentals ⁵	47,222	50,002	59,655	65,309	66,727	52,763	57,123
Landing fees	127,347	137,550	147,841	147,379	150,850	108,793	119,505
Aviation fuel tax	32,783	28,101	26,298	19,458	18,892	12,171	15,611
Hotel	--	--	--	3,205 ⁵	43,262	32,835	36,533
Ground Transportation	5,481	6,423	7,427	9,669	10,594	7,447	9,635
Other sales and charges	12,925	13,823	10,783	10,357	9,440	7,035	9,944
Total operating revenues	624,673	661,637	711,492	687,536	742,529	553,265	578,250
Operating Expenses:							
Personnel services	120,334	125,608	134,699	148,518	165,114	109,989	118,284
Contractual services	175,420	194,666	194,712	197,459	212,699	149,960	157,354
Repair and maintenance projects	68,047	81,234	57,049	55,358	37,514	29,739	8,918
Maintenance, supplies and materials	24,370	30,427	27,103	32,911	27,547	18,990	16,474
Hotel	--	--	--	2,557 ⁵	26,936	20,232	20,607
Total operating expenses before depreciation, amortization and asset impairment	388,171	431,935	413,563	436,803	469,810	328,910	321,637
Operating income before depreciation, amortization and asset impairment	236,502	229,702	297,928	250,733	272,719	224,355	256,613
Depreciation and amortization	178,567	184,721	183,560	163,714	179,692	126,984	132,290
Operating income	57,935	44,981	114,368	87,019	93,027	97,371	124,323
Nonoperating revenues (expenses)							
Passenger facility charges ⁶	105,472	103,032	103,959	106,006	114,230	85,287	90,589
Customer Facility Fees ⁷			17,215	18,598	19,884	14,921	15,254
Investment income	46,899	25,205	44,030	40,648	39,274	22,522	21,980
Interest expense	(190,347)	(183,359)	(176,177)	(169,413)	(156,481)	164,261	(122,096)
Grants	675	481	516	622	686	--	155
Other revenue (expense) ⁸	(8,958)	(1,265)	1,444	12,645	(5,485)	7,634	1,325
Net nonoperating revenues (expenses)	(46,259)	(55,906)	(9,013)	9,106	12,108	(33,897)	7,207
Change in net assets before capital contributions	11,676	(10,925)	105,355	96,125	105,135	63,474	131,530
Capital grants ⁹	22,996	31,413	20,533	20,483	3,553	2,994	25,101
Capital contributions	--	--	--	--	--	--	--
Change in net assets	\$34,672	\$20,488	\$125,888	\$116,608	\$108,688	\$66,468	\$156,631

[Footnotes are on next page]

- ¹ See “Management’s Discussion and Analysis of Financial Performance” below.
- ² 2012 has been restated for adoption of GASB 65.
- ³ 2015 and 2016 include a change in accounting principle due to the adoption of GASB 68. Years prior to 2015 have not been restated for adoption of GASB 68.
- ⁴ Decrease from Fiscal Year 2014 to Fiscal Year 2015 was due to the 2015 amendment to the United Use Agreement lowering overall costs.
- ⁵ Reflects a partial year of Airport Hotel operation. The Airport Hotel opened in November 2015.
- ⁶ These amounts constitute the revenues derived from the entire \$4.50 PFC net of the PFC collection fee retained by the airlines. During this period all PFC revenue has been allocated to the payment of debt service related to the automated baggage system and the original cost of the Airport. See “— Passenger Facility Charges” below.
- ⁷ Prior to 2014, CFCs were pledged to Special Facilities Bonds that financed certain rental car facilities and were not shown as part of gross revenues. Such Special Facilities Bonds were repaid on January 1, 2014. See also footnote 7 in the table in “SECURITIES AND SOURCES OF PAYMENT — Historical Debt Service Coverage of the Senior Bonds and Subordinate Debt Service Requirements.”
- ⁸ Includes expenses incurred since February 1995 to maintain and preserve the Stapleton airport site (“Stapleton”). See “— Stapleton” below for further information.
- ⁹ These amounts constitute amounts received from FAA grants.

Sources: Audited financial statements of the Airport System for Fiscal Years 2012-2016 and Department of Aviation for unaudited figures for the nine months ended September 30, 2016 and September 30, 2017.

Management’s Discussion and Analysis of Financial Performance

The following is a discussion and analysis by Airport management of the financial performance of the Airport System for Fiscal Years 2014 through 2016 as well as nine months ended on September 30, 2017 and 2016. All figures presented below are approximate unless otherwise stated.

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

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

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

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for the first nine months of 2017 compared to the same period in 2016 is included as part of the financial statements of the Airport System appearing as Appendix L — “UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016.”

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

increase in enplaned passengers. Airport Hotel revenue for the year ended December 31, 2016, the Airport Hotel's first full year of operation, was \$43.2 million.

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

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

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

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

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

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

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

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

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

Pension Plan

The Airport provides its employees with pension benefits through the Denver Employees Retirement Plan (“DERP”). DERP administers a cost-sharing multiple-employer defined benefit plan to eligible members. DERP is administered through the DERP Retirement Board in accordance with the City's Revised Municipal Code and vests the authority for the benefit and contribution provisions with the City Council. The DERP Retirement Board acts as the trustee of the Plan's assets. The Airport's share of the City's total contributions to DERP was \$9,176,176 for Fiscal Year 2016 and \$9,109,429 for Fiscal Year 2015. As of December 31, 2016 and 2015, the Airport reported a

liability of \$158,033,046 and \$115,000,000, respectively, for its proportionate share of the net pension liability related to DERP.

For additional information about DERP and the Airport's pension liability, see Note 16 of the Airport's audited financial statements in Appendix K— "ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2016 AND 2015."

Outstanding Senior Bonds

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

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Outstanding Senior Bonds

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

* Reflects the issuance of the Series 2017A-B Bonds and the refunding of the Series 2007A Bonds, Series 2007C Bonds and Series 2007D Bonds with a portion of the proceeds of the Series 2017A-B Bonds.

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

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

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

⁴ A portion of these Senior Bonds are associated with certain swap agreements discussed below and in Note 12 to the financial statements of the Airport System for Fiscal Year 2016 appended to this Official Statement as “Appendix K,” effectively converting the variable rate bonds to fixed rates and converting the fixed rate bonds to variable rates.

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

Sources: The Department of Aviation.

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

Senior Credit Facility Obligations. The following series of Senior Bonds were purchased by certain financial institutions pursuant to reimbursement agreements entered into with the City, for and on behalf of its Department of Aviation: Series 1992F, Series 1992G, Series 2002C, Series 2007G1-G2, Series 2008B, Series 2008C1, Series 2008C2-C3, and Series 2009C. The reimbursement agreements constitute Credit Facilities as defined by the Bond Ordinance and the City’s repayment obligation pursuant to such Credit Facilities constitute Credit Facility Obligations, as defined in the Bond Ordinance, which have a lien on the Net Revenues on a parity with the Bonds and

any other Senior Obligations issued under the Bond Ordinance. Each of the reimbursement agreements include representations, covenants, and agreements in addition to those contained in the Bond Ordinance. A breach of any of these covenants could result in a default under the related reimbursement agreement and the Bond Ordinance.

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

¹ As of November 16, 2017.

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

Source: The Department of Aviation.

Outstanding Subordinate Bonds

The Series 2013A-B Subordinate Bonds and the Series 2015A Subordinate Bonds are currently outstanding in the aggregate principal amounts of \$695,215,000 and \$174,870,000, respectively. No other Subordinate Bonds are currently outstanding. As described below under "Other Subordinate Obligations," there are certain outstanding Subordinate Hedge Facility Obligations.

Estimated Senior Bonds Debt Service Requirements and Subordinate Debt Service Requirements

The following table sets forth the City's estimated Debt Service Requirements for the Senior Bonds, the Subordinate Debt Service Requirements, and the outstanding Subordinate Hedge Facility Obligations upon the issuance of the Series 2017A-B Bonds. As described in the footnotes to the table, certain assumptions were made by the City with respect to the interest rates on the Subordinate Hedge Facility Obligations. For purposes of this table, Debt Service Requirements for series of Senior Bonds with respect to which there are interest rate swap agreements,

were calculated using the related swap rates and assuming the swap cash flows occur on the same lien level with such Senior Bonds. See “— Outstanding Subordinate Hedge Facility Obligations” below.

Estimated Senior Bonds Debt Service Requirements and Subordinate Debt Service Requirements

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

¹ Includes Debt Service Requirements for the economically defeased Senior Bonds and Subordinate Hedge Facility Obligations. See “— Outstanding Senior Bonds” above. Debt service reflects the planned redemption of certain Series 2007F1-F2 Bonds between 2019 and 2025 prior to their stated mandatory redemption dates between 2021 and 2025. Does not include Debt Service Requirements on the Series 2007A Bonds, Series 2007C Bonds and Series 2007D Bonds, all of which were refunded with a portion of the proceeds of the Series 2017A-B Bonds.

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

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

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

Other Subordinate Obligations

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

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

full within a single Fiscal Year (whether or not such obligations may be treated as Operation and Maintenance Expenses).

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

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Outstanding Subordinate Hedge Facility Obligations. Since 1998, the City has entered into various interest rate swap agreements constituting Subordinate Hedge Facility Obligations under the Bond Ordinance and the General Subordinate Bond Ordinance in respect of certain series of the outstanding Senior Bonds. Detailed information regarding the swap agreements is set forth in Note 12 (Swap Agreements) to the financial statements of the Airport System for Fiscal Year 2016 appended to this Official Statement. The following table is a summary of the interest rate swap agreements outstanding as of November 16, 2017 that are Subordinate Hedge Facility Obligations. See also “—Master Derivatives Policy” below.

<u>Year of the Swap Agreement</u>	<u>Counterparty</u>	<u>Notional Amount (in million)</u> ¹	<u>Termination Date</u>	<u>Payable Swap Rate</u>	<u>Receivable Swap Rate</u>	<u>Fair Value to the City as of 11/16/2017 (in millions)</u>
1998	Goldman Sachs Capital Markets, L.P.	\$100.00	11-15-2025	4.7600%	70% 1M LIBOR+0.1%	\$(14.68)
1998	Societe Generale, New York Branch	100.00	11-15-2025	4.7190%	70% 1M LIBOR+0.1%	(14.49)
1999	Goldman Sachs Capital Markets, L.P.	100.00	11-01-2022	5.6179%	SIFMA	(12.97)
1999	Merrill Lynch Capital Services, Inc.	50.00	11-01-2022	5.5529%	SIFMA	(6.38)
2002	Goldman Sachs Capital Markets, L.P.	100.00	11-01-2022	SIFMA	76.33% 1M LIBOR	0.09
2005	Royal Bank of Canada	44.25	11-15-2025	3.6560%	70% 1M LIBOR	(5.32)
2005	JP Morgan Chase Bank	44.25	11-15-2025	3.6874%	70% 1M LIBOR	(5.39)
2005	Jackson Financial Products	88.51	11-15-2025	3.6560%	70% 1M LIBOR	(10.63)
2005	Piper Jaffray Financial Products	44.25	11-15-2025	3.6560%	70% 1M LIBOR	(5.32)
2006A	JP Morgan Chase Bank	139.45	11-15-2025	4.0085%	70% 1M LIBOR	(14.97)
2006A	Societe Generale, New York Branch	46.48	11-15-2025	4.0085%	70% 1M LIBOR	(4.99)
2006B	Royal Bank of Canada	44.25	11-15-2025	SIFMA	4.0855%	5.83
2006B	JP Morgan Chase Bank	44.25	11-15-2025	SIFMA	4.0855%	5.83
2006B	Jackson Financial Products	88.51	11-15-2025	SIFMA	4.0855%	11.65
2006B	Piper Jaffray Financial Products	44.25	11-15-2025	SIFMA	4.0855%	5.83
2008A	Royal Bank of Canada	84.9	11-15-2025	4.0085%	70% 1M LIBOR	(9.98)
2008B	Loop Financial Products	100.00	11-15-2025	4.7600%	70% 3M LIBOR+0.1%	(16.61)
2009A	Loop Financial Products	50.00	11-01-2022	5.6229%	SIFMA	(6.49)
		<u>\$1,297,230²</u>				<u>\$(99.00)</u>

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

² Totals may not add due to rounding.

Source: The Department of Aviation.

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

Junior Lien Bonds and Junior Lien Obligations

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

As permitted under the General Subordinate Bond Ordinance and in connection with the Airport Hotel, the City adopted Ordinance No. 15-0774, Series of 2015 (the “Hotel Ordinance”) to provide for the administration of the revenues of the Airport Hotel and the payment of costs and expenses related to the Airport Hotel. The Hotel Ordinance

established a Hotel Operating Account (the “Hotel Operating Account”) within the Revenue Fund held under the Bond Ordinance, which account is administered as provided in the CMA. Pursuant to the Hotel Ordinance, the City created the “City and County of Denver, Colorado, Airport System Junior Lien Obligations Fund” (the “Junior Lien Obligations Fund”) and the “City and County of Denver, Airport Hotel Junior Lien Obligations Account” (the “Airport Hotel Junior Lien Obligations Account”) within the Junior Lien Obligations Fund. In order to facilitate the City’s payment obligations under the HMA and the CMA, the following subaccounts were created within the Airport Hotel Junior Lien Obligations Account: the Senior Hotel FF&E Reserve Fund, the Senior Hotel CapEx Reserve Fund, the Hotel Operating Reserve Fund, and the Subordinate Hotel CapEx Reserve Fund. The City’s obligations under the HMA to make payments, transfers, and deposits to the accounts described above constitute Junior Lien Obligations (the “Hotel Junior Lien Obligation”) for purposes of the General Subordinate Bond Ordinance. Such Junior Lien Obligations have a lien on the Net Revenues subordinate and junior to the lien thereon of the Senior Bonds, Senior Obligations, Subordinate Bonds, and other Subordinate Obligations. The flow of funds described in the HMA and the CMA is used for internal Airport accounting purposes and does not modify in any manner the flow of funds required under the Bond Ordinance. See “DENVER INTERNATIONAL AIRPORT — Hotel and Transit Center — *The Airport Hotel.*”

On September 26, 2017, the City adopted the Airport System General Junior Lien Bond Ordinance (the “General Junior Lien Bond Ordinance”) permitting the issuance of Junior Lien Bonds having a lien on the Net Revenues subordinate only to the lien thereon of the Senior Bonds and Subordinate Bonds and incurrence of Junior Lien Obligations (consisting of Junior Lien Credit Facility Obligations, Junior Lien Contract Obligations, and Junior Lien Hedge Facility Obligations), having a lien on the Net Revenues subordinate only to the lien thereon of the Senior Obligations and Subordinate Obligations. The General Junior Lien Bond Ordinance affirms the Hotel Junior Lien Obligation and states that it shall constitute a Junior Lien Obligation for purposes of the General Junior Lien Bond Ordinance.

Pursuant to the General Junior Lien Bond Ordinance, the City also adopted the Supplemental General Junior Lien Bond Ordinance, Ordinance No. 17-0973 Series of 2017 (the “Great Hall Ordinance”), which declared an obligation of the City, for and on behalf of the Department, to make monthly Supplemental Payments under the Great Hall Agreement a Junior Lien Contract Obligation (the “Great Hall Junior Lien Obligation”). The incurrence of the Great Hall Junior Lien Obligation is subject to the satisfaction of certain tests set forth in the General Junior Lien Bond Ordinance that are substantially similar to the tests set forth in the Bond Ordinance (except that debt service requirements relating to the Subordinate Bonds, Subordinate Obligations, Junior Lien Bonds and Junior Lien Obligations are required to be included in coverage calculations set forth in such test) with respect to the issuance of Additional Parity Bonds and described in Appendix J—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE, GENERAL SUBORDINATE BOND ORDINANCE AND GENERAL JUNIOR LIEN BOND ORDINANCE” of this Official Statement. The City expects that it will meet such tests prior to the incurrence of the Great Hall Junior Lien Obligation currently anticipated to occur in December 2017. The monthly Supplemental Payments are expected to range between approximately \$27.5 million (adjusted for inflation using CPI) annually in 2022 (the first full year after the anticipated completion of the Great Hall Project) and approximately \$53.2 million (adjusted for inflation using CPI) annually in 2050 (the last full year of the Great Hall Agreement being in effect). Such monthly Supplemental Payments and any flow of funds described in the Great Hall Agreement do not modify in any manner the flow of funds required under the Bond Ordinance. See “CAPITAL PROGRAM — Major Projects in the 2018-2022 Capital Program — *Jeppesen Terminal.*”

There are no Junior Lien Bonds currently outstanding.

Special Facilities Bonds

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

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

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

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

Installment Purchase Agreements

The City is currently a party to certain Installment Purchase Agreements with Sovereign Capital Leasing, Banc of America Public Capital Corp, and Santander Bank NA, which were entered into in order to provide for the financing of certain portions of the Airport’s capital program, including, among other things, the acquisition of technology equipment, the acquisition of various runway maintenance, snow removal and emergency vehicles and equipment, additional jetways and flight information display systems, ticket counter improvements in Jeppesen Terminal and the funding of the portion of the costs of modifications to the baggage system facilities at the Airport that enabled the TSA to install and operate its own explosives detection systems for the screening of checked baggage “in-line” with the existing baggage systems facilities. As of December 31, 2016, \$14.7 million of principal note payments were outstanding under these Installment Purchase Agreements, compared to \$21.2 million at December 31, 2015.

The obligation of the City under each Installment Purchase Agreement to make payments thereunder is a special obligation of the City payable solely from the Capital Fund and such other legally available funds as the City may apply, but the City has not pledged any moneys in the Capital Fund or any other revenues of the Airport System to the payment of these Installment Purchase Agreements.

Capital Fund

The amount on deposit in the Capital Fund as of December 31, 2016, was approximately \$638.6 million. Such amount has been designated for use by the City as follows: (1) \$65.8 million for the Coverage Account (constituting Other Available Funds); (2) \$62.5 million to cover existing obligations and contingencies; and (3) \$510.3 million for any lawful Airport System purpose. The City expects to fund approximately \$21 million of its obligations under the Development Agreement for Fiscal Year 2017 from draws on the Capital Fund. See “— CAPITAL PROGRAM — Major Projects in the 2018-2022 Capital Program — Jeppesen Terminal.”

Rentals, Fees and Charges for the Airport

Using compensatory and residual rate-making methodologies in its existing Use and Lease Agreements, the City has established rentals, fees and charges for premises and operations at the Airport. These include landing fees, terminal complex rentals, baggage system fees, concourse ramp fees, AGTS charges, international facility fees and fueling system charges, among others. The City also collects substantial revenues from other sources such as public parking, rental car operations and retail concession operations. For those airlines that are not signatories to Airport Use and Lease Agreements, the City assesses rentals, fees and charges following procedures consistent with those outlined in the Use and Lease Agreements, at a premium of 20% over Signatory Airline rates. In addition, nonsignatory airlines do not share in the year-end airline revenue credit. See generally “— AGREEMENTS FOR USE OF AIRPORT FACILITIES.”

The City believes that its rate-making methodologies, including its allocation of costs for purposes of setting rates and charges, are reasonable. However, no assurance can be given that challenges will not be made to the rates and charges established by the City or its method of allocating particular costs. “— AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements.”

Passenger Facility Charges

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

The City first began imposing a PFC on enplaned revenue passengers on July 1, 1992, at the rate of \$3.00, which was increased to \$4.50 effective April 1, 2001. The PFC is collected by air carriers as part of the price of a ticket and then remitted to the City. The air carriers are permitted by the PFC Enabling Act to retain a portion of each PFC collected as compensation for collecting and handling PFCs. Effective May 1, 2004, the collection fee was increased from \$0.08 of each PFC collected to \$0.11 of each PFC collected. PFC revenues received by the Airport are net of this collection fee.

The amount of PFC revenues received each Fiscal Year is determined by the PFC rate and the number of qualifying passenger enplanements and level of passengers at the Airport. PFC revenues for the years 2012 through 2016 and the first nine months of 2016 and 2017 are set forth in the following table. See also Appendix 1—“GLOSSARY OF TERMS” and Appendix J—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE, GENERAL SUBORDINATE BOND ORDINANCE AND GENERAL JUNIOR LIEN BOND ORDINANCE.”

PFC Revenues

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

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

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

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

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

The City’s authorization to impose the PFC expires upon the earlier of February 1, 2029, or the collection of approximately \$3.3 billion of PFC revenues, net of collection fees. Through December 31, 2016, the City collected approximately \$1.9 billion in PFC revenues, constituting approximately 58% of the total authorized amount. In addition, the City’s authority to impose the PFC may be terminated: (1) by the FAA, subject to certain procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA’s approval, the PFC Enabling Act or the related FAA regulations, or (b) the City otherwise violates the PFC Enabling Act or FAA regulations; or (2) if the City violates certain provisions of the Airport Noise and Capacity Act of 1990 and its related regulations, subject to certain procedural safeguards. The City has covenanted that as long as the imposition and use

of the PFC is necessary to operate the Airport System in accordance with the requirements of the Bond Ordinance, the City will use its best efforts to continue to impose the PFC and to use PFC revenues at the Airport and to comply with all valid and applicable federal laws and regulations pertaining thereto necessary to maintain the PFC. However, no assurance can be given that the City's authority to impose the PFC will not be terminated by Congress or the FAA or that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the City. In the event the FAA or Congress reduced or terminated the City's ability to collect PFCs, the City would likely need to increase airline rates and charges to pay debt service on the Senior Bonds and the Subordinate Bonds and to comply with both the Rate Maintenance Covenant and similar covenants contained in the General Subordinate Bond Ordinance and the General Junior Lien Bond Ordinance. See Appendix J—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE, GENERAL SUBORDINATE BOND ORDINANCE AND GENERAL JUNIOR LIEN BOND ORDINANCE—Rate Maintenance Covenant." See also "—Federal Grants and Other Funding; Financial and Performance Audits" below for a discussion of pending legislation affecting the maximum permissible PFC. Additionally, legislation has been introduced in the House of Representatives to amend the PFC Enabling Act, to, among other things, remove the \$4.50 PFC cap on each enplaning revenue passenger and authorize an eligible agency to impose a PFC of any amount on each enplaning revenue passenger at an airport the agency controls. No assurance can be given that any such legislation will be enacted.

Irrevocable Commitment of Certain PFCs to Debt Service Requirements for Senior Bonds. The definition of Gross Revenues in the Bond Ordinance does not include PFC revenues unless, and then only to the extent, included as Gross Revenues by the terms of a Supplemental Ordinance. Prior to the adoption of the Series 2009A-B Supplemental Ordinance, no Supplemental Ordinance had included PFC revenues in the definition of Gross Revenues. Under the Series 2009A-B Supplemental Ordinance, the City included amounts received by the City from the PFCs pursuant to the Second PFC Application (as defined in "Appendix 1 — GLOSSARY OF TERMS"), excluding the Committed Passenger Facility Charges and net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such PFC revenues (the "Designated Passenger Facility Charges") in Gross Revenues in each of the Fiscal Years 2009 through 2013, inclusive, and under the 2012A-B Supplemental Ordinance, the City included the Designated Passenger Facility Charges in Gross Revenues in each of the Fiscal Years 2014 through 2018, inclusive, as further described below under "—Designated Passenger Facility Charges." Currently, the Designated Passenger Facility Charges constitute the \$1.50 portion of the \$4.50 PFC. The definition of Debt Service Requirements in the Bond Ordinance provides that, in any computation required by the Senior Bonds Rate Maintenance Covenant and for the issuance of Additional Parity Bonds, there is to be excluded from Debt Service Requirements for the Senior Bonds amounts irrevocably committed to make such payments. Such irrevocable commitments may be provided from any available Airport System moneys, including PFC revenues. See Appendix 1—"GLOSSARY OF TERMS."

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

- (1) to the PFC Debt Service Account in each Fiscal Year through 2018, inclusive, the lesser of (a) all Committed Passenger Facility Charges received in each such Fiscal Year, and (b) the portion of Committed Passenger Facility Charges received in each such Fiscal Year that, together with other available amounts credited to the PFC Debt Service Account, will be sufficient to make the payments from the PFC Debt Service Account to the Bond Fund required in each such Fiscal Year, as set forth in the PFC Supplemental Ordinances (the "Maximum Committed Amounts"); and
- (2) to the PFC Project Account all PFCs received in each Fiscal Year that are not otherwise required to be applied as described in clause (1).

The City has also irrevocably committed amounts on deposit in the PFC Debt Service Account, up to the Maximum Committed Amounts, to the payment of the Debt Service Requirements on Senior Bonds through Fiscal Year 2018. The Maximum Committed Amounts or any lesser amount of Committed Passenger Facility Charges and other credited amounts that may be deposited to the PFC Debt Service Account are to be transferred to the Bond Fund

and used to pay Debt Service Requirements on Senior Bonds in each Fiscal Year through 2018. The Committed Passenger Facility Charges expected to be deposited by the City in the PFC Debt Service Account are less than the Maximum Committed Amounts in each of Fiscal Years 2017 through 2018. See Appendix J— “SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE, GENERAL SUBORDINATE BOND ORDINANCE AND GENERAL JUNIOR LIEN BOND ORDINANCE — PFC Fund” for the Maximum Committed Amounts that have been irrevocably committed to the payment of the Debt Service Requirements of the Senior Bonds through Fiscal Year 2018.

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

All PFCs deposited to the PFC Project Account may be used for any lawful PFC eligible Airport System purpose as directed by the Manager, including Debt Service Requirements on Senior Bonds and Subordinate Debt Service Requirements. See also “Designated Passenger Facility Charges” below.

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

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

Aviation Fuel Tax

An amount equal to 65% of any sales and use taxes imposed and collected by the State on aviation fuel sold for use at the Airport by turbo propeller or jet engine aircraft and credited to the State aviation fund is distributed to the City on a monthly basis and may be used by the City exclusively for “aviation purposes” as defined in the statute, excluding subsidization of airlines except for the promotion and marketing of air service at airport facilities. Such receipts are treated by the City as Gross Revenues. State aviation fuel tax receipts remitted to the Airport were approximately \$12.1 million in 2015 and \$11.5 million in 2016.

The City also imposes a separate aviation fuel tax, which is not subject to the State allocation requirements but is also treated as Gross Revenues under the Bond Ordinance. City tax receipts allocated to the Airport Revenue Fund were approximately \$7.4 million in 2015 and \$9.6 million in 2016.

Federal Grants and Other Funding; Financial and Performance Audits

Proceeds from federal grants are not included in the definition of Gross Revenues under the Bond Ordinance and therefore are not pledged to the payment of Senior Bonds or Subordinate Bonds.

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

The AIP has been amended several times, most recently with the passage of the FAA Modernization and Reform Act of 2012 (the “2012 Reauthorization Act”) and the FAA Extension, Safety, and Security Act of 2016 (the “2016 Reauthorization Act”) enacted into law on July 15, 2016. The 2012 Reauthorization Act provided for general FAA funding authorization through fiscal year 2015, and revised requirements for the AIP. The 2016 Reauthorization Act extends the authority of the FAA and provides funding for the AIP at current levels through September 30, 2017. The 2016 Reauthorization Act does not change the \$4.50 PFC rate and does not provide for any increases in such rate. See “— Passenger Facility Charges” above.

Congress has held hearings on a long-term FAA reauthorization act, and, as of the date of this Official Statement, both the House of Representatives and the Senate have introduced separate legislation intended to, among other things, authorize and extend certain aviation programs, including increasing AIP funding through 2023 and 2021, respectively. Prior to the 2016 Reauthorization Act, Congress enacted over 20 continuing resolutions providing temporary funding for the FAA and its programs, and during this period, funding for non-essential operations of the FAA was terminated once. On September 29, 2017 the 2017 Disaster Tax Relief and Airport and Airway Extension Act (the “Extension Act”) was enacted, which continues the FAA’s authority for six months. There can be no assurance that Congress will enact and the President will sign an FAA reauthorization act or provide for an additional extension before the Extension Act expires on March 31, 2018. Failure to adopt such legislation could have a material, adverse impact on the AIP grant program and the Airport.

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

Stapleton

When the Airport opened in February 1995, the City ceased aviation operations at the Stapleton airport and proceeded to dispose of Stapleton’s approximately 4,051 acres. A plan for the redevelopment of the Stapleton site as a mixed-use community containing residential areas, commercial centers and open space and parks was approved by the City Council in March 1995 (the “Redevelopment Plan”). In 1998 the City entered into a Master Lease and Disposition Agreement with the Stapleton Development Corporation (“SDC”), a Colorado nonprofit corporation created by the City and the Denver Urban Renewal Authority, under which the SDC manages, operates and disposes of the Stapleton site in accordance with the Redevelopment Plan.

The SDC has sold all but 543 acres of developable land and 62 acres of open space. An additional area of open space of approximately 658 acres has been dedicated for parks and other public use space. The proceeds from the sales, net of closing costs, have been deposited to the Capital Fund in accordance with the General Bond Ordinance.

Intergovernmental Agreement with Adams County

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

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

The City has prepared annual noise reports for the period commencing with the opening of the Airport in February 1995 through December 31, 2016 using a noise modeling system known as “ARTSMAP.” Prior to 2014, Class I and Class II violations were identified using ARTSMAP and the City made mitigation payments to Adams County and the cities in which the property affected by the noise violation was located. The noise reports for calendar years 2015 and 2016 and for the first nine months of 2017 reported no potential Class II violations, including no noise contour violations. The City expects that noise levels, determined using ARTSMAP, will likely not exceed the Noise Standards during the next two years.

Current Claims of Violations. The City has received a Notice of Default letter dated November 15, 2017 from Adams County, the City of Aurora, the City of Commerce City, the City of Brighton and the City of Thornton (the cities in which the property affected by the noise violations asserted by Adams County is located) (collectively, the “Claimants”) which (i) asserts that ARTSMAP is antiquated and does not meet the requirements of the Adams County IGA for installation and operation of a noise monitoring system capable of recording noise levels sufficient to determine whether the City is in compliance with the Noise Standards and (ii) demands that the City install and operate a new system that complies with all requirements of the Adams County IGA and commit to the installation of such new system within the 30-day period. The City has also received Notices of Violation from the Claimants dated November 15, 2017 which (i) assert that calculations made by the Claimants using an alternative, non-ARTSMAP noise analysis system revealed a significant number of Class I violations by the City in each of the years 2014 through 2016, and over 140 Class II violations during such period and (ii) request that the City determine and immediately implement procedures set forth in the Adams County IGA to remedy such violations. Adams County has also asked the City to provide the City’s noise monitoring data for years 2012 and 2013.

The City is preparing a response to the Claimants and intends to vigorously oppose their claims. In particular, the City disagrees with the Claimants’ assertion that the alternative noise analysis system used by the Claimants to measure compliance with the Noise Standards is more appropriate and accurate than ARTSMAP. If the City is unable to resolve the matter with the Claimants, the dispute could eventually result in litigation and in potential claims that the City is in violation of the Noise Standards and noise contour requirements in 2017 and future years. Should the Claimants prevail on their claims, the City may be required to make changes to the operations of the Airport and flight

procedures that could materially adversely affect the Net Revenues, and may be required to make noise mitigation payments to the Claimants, which payments could be substantial. No assurance can be given as to the outcome of any proceedings with respect to the claims and demands made by the Claimants or whether the Claimants will file additional claims alleging new violations.

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

Investment Policy

The Bond Ordinance permits the City to invest Airport System funds in “Investment Securities” as defined therein. See Appendix 1— “GLOSSARY OF TERMS.”

In addition to the Bond Ordinance, provisions of the City Charter regulate the investment of Airport System funds. In accordance with the City Charter, the Chief Financial Officer is responsible for the management of the investment of City funds, including Airport System funds. The Chief Financial Officer is authorized to invest in the following securities: obligations of the United States Government; obligations of United States Government agencies and United States Government sponsored corporations; prime bankers’ acceptances; prime commercial paper; insured certificates of deposit issued by banks and savings and loan institutions which are eligible public depositories as defined under Colorado Law. Uninsured certificates of deposit with Denver banks is required to be collateralized in accordance with the State’s Public Deposit Protection Act; repurchase agreements; security lending agreements; highly rated municipal securities; money market funds that purchase only the types of securities specified in this paragraph; any investment type in which the Colorado state treasurer is allowed to invest state moneys if otherwise compliant with the City’s investment policy, and other similar securities as may be authorized by ordinance. The City Municipal Code permits the City to invest in debt service reserve fund put agreements and forward purchase agreements.

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

Master Derivatives Policy

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

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

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

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

Insurance

The City maintains property insurance for most of the City's real and personal property located at the Airport except for any real and personal property for which the City contracts with its lessees to provide such insurance. The Airport and the City share a property insurance policy with a total loss limit of \$4 billion, subject to a \$100,000 per occurrence deductible. This is based on a reported value of approximately \$5.6 billion for the Airport. Valuation of Airport real and personal property is based upon replacement cost, subject to the total loss limit and various sublimits. Airport motor vehicles and mobile equipment assets are insured under the same property insurance policy at reported values of approximately \$135 million (which is included in the \$5.6 billion total). Terrorism and non-certified acts of terrorism are included under the Airport's property insurance. As an additional cost savings initiative, Airport management has determined that it is not cost effective to maintain property insurance on the Airport's runways and roadways, which are valued at approximately \$1.7 billion. An Airport Owners and Operators Liability policy is maintained with a \$500 million per occurrence liability limit. War risk is included in this coverage with a \$150 million limit and terrorism risk is included at full policy limits. The Airport also maintains business interruption insurance with a total loss limit of \$25 million in the event of a disaster-related closing or interruption in operation of the Airport, and maintains various other insurance policies including environmental pollution liability with a total loss limit of \$10 million in the aggregate, network security with a total loss limit of \$20 million in the aggregate, crime insurance with a total loss limit of \$10 million in the aggregate, and fine arts coverage shared with the City with a total loss limit of \$450 million in the aggregate. The Airport self-insures for excess workers' compensation liability.

Continued Qualification as an Enterprise

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

FINANCIAL STATEMENTS

The audited financial statements of the Airport System as of and for the years ended December 31, 2016 and 2015 are attached to the Official Statement as Appendix K — “ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2016 AND 2015.” BKD, LLP, the City’s independent external auditor, has not been engaged to perform and has not performed, since the date of its report included in such Appendix K, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this Official Statement. The consent of BKD, LLP to the inclusion of Appendix K was not sought or obtained.

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

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

APPENDIX 1 GLOSSARY OF TERMS

Set forth below are definitions of some of the terms used in this Appendix G — “CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT” and Appendix J — “SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE, GENERAL SUBORDINATE BOND ORDINANCE AND GENERAL JUNIOR LIEN BOND ORDINANCE.” Reference is hereby made to the provisions of the Bond Ordinance for a complete recital of the terms defined therein, some of which are set forth below. Reference is hereby made to the provisions of the General Subordinate Bond Ordinance for a complete recital of the terms defined therein, some of which are set forth below. Reference is hereby made to the provisions of the General Junior Lien Bond Ordinance for a complete recital of the terms defined therein, some of which are set forth below. See also Appendix 2— “PROPOSED AMENDMENTS TO THE BOND ORDINANCE” for certain proposed amendments to the definitions.

“*Additional Senior Bonds*” means additional Bonds which the City issues under the Bond Ordinance on a parity with other Senior Bonds.

“*Additional Subordinate Bonds*” means additional Subordinate Bonds which the City issues under the Subordinate Bond Ordinance on a parity with other Subordinate Bonds.

“*AGTS*” means the Airport’s automated guideway transit system.

“*AIP*” means the Federal Aviation Administration’s Airport Improvement Program.

“*Airport*” means Denver International Airport.

“*Airport Consultant*” means an independent airport management consultant or airport management consulting firm, as from time to time appointed by the Manager on behalf and in the name of the City: (a) who has a wide and favorable reputation for special skill and knowledge in methods of the development, operation, and management of airports and airport facilities; but (b) who is not in the regular employ or control of the City.

“*Airport Hotel*” means the hotel constructed at Denver International Airport constituting an Airport Facility for purposes of the General Bond Ordinance.

“*Airport System*” means the following facilities, whether heretofore or hereafter acquired by the City and whether located within or without the boundaries of the City: (a) Stapleton; (b) Denver International Airport; (c) all other airports, heliports or functionally similar aviation facilities; and (d) all other facilities of whatsoever nature relating to or otherwise used in connection with the foregoing, including without limitation, buildings, structures, terminals, parking and ground transportation facilities, roadways, land, hangars, warehouses, runways, shops, hotels, motels and administration offices. The term does not include any Special Facilities, except to the extent otherwise provided in the Bond Ordinance.

“*Airport System Fund*” means the separate fund designated as the “City and County of Denver, Airport System fund,” created under the Bond Ordinance.

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

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

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

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

“*Capital Appreciation Bonds*” means Bonds which by their terms appreciate in value to a stated face amount at maturity.

“*Capital Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Capital Improvement and Replacement Fund,” created under the Bond Ordinance.

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

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

“*City*” means the City and County of Denver, Colorado.

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

“*City Council*” means the City Council of the City.

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

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

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

“*Cost*” means the City’s costs properly attributable to any Improvement Project, Subordinate Bond Improvement Project, Refunding Project, Subordinate Bond Refunding Project, Junior Lien Improvement Project, Junior Lien Refunding Project or combination thereof (as the context requires), including without limitation: (a) the costs of labor and materials, of machinery, furnishings, and equipment, and of the restoration of property damaged or destroyed in connection with construction work; (b) the costs of insurance premiums, indemnity and fidelity bonds, financing charges, bank fees, taxes, or other municipal or governmental charges lawfully levied or assessed; (c) administrative and general overhead costs; (d) the costs of reimbursing funds advanced by the City, including any intrafund or interfund loan, or advanced with the approval of the City by the State, any city, the federal government, or by any other person, or any combination thereof; (e) the costs of surveys, appraisals, plans, designs, specifications, or estimates; (f) the costs, fees and expenses of printers, engineers, architects, financial consultants, legal advisors, or other agents or employees; (g) the costs of publishing, reproducing, posting, mailing, or recording; (h) the costs of contingencies or reserves; (i) interest on Bonds, Subordinate Bonds or Junior Lien Bonds for such period as may be determined by Supplemental

Ordinance, Supplemental Subordinate Bond Ordinance, Supplemental Junior Lien Bond Ordinance any discount on the sale or remarketing of Bonds, Subordinate Bonds or Junior Lien Bonds, any reserves for the payment of Bonds, Subordinate Bonds or Junior Lien Bonds, or any other costs of issuing, carrying or repaying Bonds, Subordinate Bonds or Junior Lien Bonds or of purchasing, carrying, and selling or redeeming Investment Securities, including without limitation any fees or charges of agents, trustees or other fiduciaries, and any fees, premiums or other costs incurred in connection with any Credit Facility, Subordinate Credit Facility or Junior Lien Credit Facility; (j) the costs of amending any resolution, ordinance or other instrument relating to Bonds or Obligations, Subordinate Bonds or Subordinate Obligations, or Junior Lien Bonds or Junior Lien Obligations; (k) the costs of repaying any short-term financing, construction loans, and other temporary loans, and of the incidental expenses incurred in connection with such loans; (l) the costs of acquiring any property, rights, easements, licenses, privileges, agreements, or franchises; (m) the costs of demolition, removal, and relocation; and (n) all other lawful costs as may be determined by the Manager.

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

“*Credit Facility*” means any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security or liquidity in respect of any Senior Bonds.

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

“*Debt Service Requirements*” with respect to Senior Bonds, for any period means the sum of: (i) the amount required to pay the interest on any Bonds during such period; (ii) the amount required to pay the principal, Redemption Price or Purchase Price of any Bonds during such period, whether at stated or theretofore extended maturity, upon mandatory redemption, upon the exercise of any option to redeem or require tender of such Bonds if the City has irrevocably committed itself to exercise such option, or by reason of any other circumstance which will, with certainty, occur during such period; and (iii) the amount of any Credit Facility Obligations required to be paid and any Regularly Scheduled Hedge Payments to be made by the City with respect to any Hedge Facility secured under the Bond Ordinance during such period, in each case computed as follows: (a) no payments required for any Option Bonds, other Bonds, or Obligations which may be tendered or otherwise presented for payment at the option or demand of the owners thereof, or which may otherwise become due by reason of any other circumstance which will not, with certainty, occur during such period, shall be included in any computation of Debt Service Requirements prior to the stated or theretofore extended maturity or otherwise certain due dates thereof, and all such payments shall be deemed to be required on such stated or theretofore extended maturity dates or otherwise certain due dates; (b) except for any historical period for which the actual rate or rates are determinable and except as otherwise provided in the Bond Ordinance, Variable Rate Bonds, and Obligations which bear interest at a variable rate, shall be deemed to bear interest at a fixed annual rate equal to the prevailing rate of such Variable Rate Bonds or Obligations on the date of computation; provided that in any computation (i) of Minimum Bond Reserve; (ii) relating to the issuance of additional Bonds required by the Bond Ordinance; or (iii) required by the rate maintenance covenant of the Bond Ordinance, Variable Rate Bonds shall be deemed to bear interest at a fixed annual rate equal to (y) the average of the daily rates of such Bonds during the 365 consecutive days (or any lesser period such Bonds have been Outstanding) next preceding the date of computation; or (z) with respect to any Variable Rate Bonds which are being issued on the date of computation, the initial rate of such Bonds upon issuance; (c) further, in any computation relating to the issuance of additional Bonds required by the Bond Ordinance and any computation required by the rate maintenance covenant in the Bond Ordinance, there shall be excluded from the computation of Debt Service Requirements amounts which are irrevocably committed to make the payments described in clauses (i), (ii), and (iii) above during such period, including without limitation any amounts in an Escrow Account and any proceeds of Bonds deposited to the credit of the Capitalized Interest Account; and (d) any Variable Rate Bonds with respect to which there exists a Hedge Facility that obligates the City to pay a fixed interest rate shall be deemed to bear interest at the effective fixed annual rate thereon as a result of such Hedge Facility for the full term of such Hedge Facility. In the case of any Bonds that bear interest at a fixed rate and with respect to which there exists a

Hedge Facility that obligates the City to pay a floating interest rate Debt Service Requirements shall be deemed, for the full term of the Hedge Facility to include the interest payable on such Bonds, less the fixed amounts received by the City under the Hedge Facility, plus the amount of the floating payments (using the conventions described in (b) above) to be made by the City under the Hedge Facility.

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

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

“*DTC*” means The Depository Trust Company, New York, New York.

“*Escrow Account*” means any special and separate account established with a trust bank, designated by Supplemental Ordinance to administer such account in whole or in part with the proceeds of any Refunding Bonds or other moneys to provide for the timely payment of any Bond Requirements.

“*Event of Default*” means each of the events declared an “event of default” under the General Bond Ordinance, the General Subordinate Bond Ordinances or the General Junior Lien Bond Ordinance, as applicable.

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

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

“*First PFC Application*” means the City’s 1992 PFC Application as amended by the FAA in October 2000.

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

“*Fitch*” means Fitch, Inc. and its successors.

“*General Bond Ordinance*” or “*Bond Ordinance*” means the Airport System General Bond Ordinance passed by the City Council on November 26, 1984, and approved by the Mayor on November 29, 1984, as amended and supplemented.

“*General Junior Lien Bond Ordinance*” means Ordinance No. 17-0972, Series of 2017, cited as the “Airport System General Junior Lien Bond Ordinance,” as amended and supplemented from time to time by any Supplemental Junior Lien Bond Ordinance.

“*General Subordinate Bond Ordinance*” means Ordinance No. 302, Series of 2013, cited as the “Amended and Restated Airport System General Subordinate Bond Ordinance,” as amended and supplemented from time to time by any Supplemental Subordinate Bond Ordinance.

“*Gross Revenues*” means any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project, or otherwise. The term includes, without limitation, all rentals, rates, fees, and other charges for the

use of the Airport System, or for any service rendered by the City in the operation thereof on and after January 1, 1994, the revenues from the City's sales and use taxes raised at the rate of two cents for each gallon of fuel purchased for use in the generation of power for propulsion or drawing of aircraft; any passenger taxes, passenger facility charges, or other passenger charges imposed for the use of the Airport System, but only to the extent included as Gross Revenues by the terms of any Supplemental Ordinance; and, except as otherwise provided in the Bond Ordinance, interest and other realized gain from any investment of moneys accounted for in the various accounts of the Airport System Fund. The term does not include: (a) any proceeds of any Senior Bonds and other money (including interest) required to be credited to the Project Fund or the Bond Reserve Fund; (b) any rentals or other revenue, grants, appropriations, or gifts derived directly or indirectly from the United States; (c) any grants, appropriations, or gifts from the State, or any other sources, which are required by their terms to be used only for purposes other than the payment of Debt Service Requirements; (d) except as otherwise provided in the Bond Ordinance, any revenue derived from any Special Facilities other than ground rentals relating to such Special Facilities and any moneys paid to the City in lieu of such ground rentals; (e) the proceeds of any insurance policy, except any such proceeds derived in respect of loss of use or business interruption; (f) any money (including interest) in any Escrow Account or similar account pledged to the payment of any obligations therein specified; (g) any money received in respect of any Credit Facility, Subordinate Credit Facility or Junior Lien Credit Facility, unless otherwise provided by Supplemental Ordinance; (h) any Subordinate Bond proceeds or any money received in respect of any Subordinate Credit Facility unless otherwise provided by a Supplemental Subordinate Bond Ordinance; (i) any Junior Lien Bond proceeds or any money received in respect of any Junior Lien Credit Facility, unless otherwise provided by Supplemental Subordinate Bond Ordinance; and (j) any Hedge Facility, Subordinate Hedge Facility or Junior Lien Hedge Facility termination payments received by the City.

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

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

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

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

"Hotel Junior Lien Obligation" means the Junior Lien Contract Obligation created under the Hotel Ordinance.

"Hotel Management Agreement" means the Hotel Management Agreement dated as of April 11, 2011 between the City, for and on behalf of the Department, and the Hotel Manager, in substantially the form filed with the City Clerk as City Clerk File No. 11-186, as amended and as it may be amended and supplemented from time to time.

"Hotel Manager" means the Westin DIA Operator, LLC, a Delaware limited liability company

"Hotel Ordinance" means Ordinance No. 15-0774, Series of 2015.

"Hotel Revenues" has the meaning set forth in the Hotel Ordinance.

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

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

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

"Investment Securities" means, to the extent the following are permitted investments under the City's investment policy, as such investment policy may be amended from time to time: (a) Federal Securities; and (b) if the laws applicable to the City permit any of the following investments to be made at the time such investment is made, any of the following: (i) Certificates or any other evidences of an ownership interest in Federal Securities or the interest thereon; (ii) interest bearing bank time deposits evidenced by certificates of deposit issued by banks incorporated under the laws of any state (including the State) or the Federal Government, or any national banking association that is a member of the Federal Deposit Insurance Corporation, and interest bearing savings and loan association time deposits evidenced by certificates of deposit issued by savings and loan associations which are members of the Federal Savings and Loan Insurance Corporation, if (1) such deposits are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or (2) the shareholders' equity (e.g., capital stock, surplus, and undivided profits), however denominated, of such bank or savings and loan association is at least equal to \$10,000,000.00, or (3) such deposits are secured by Federal Securities, by obligations described in subparagraphs (b)(i) or (b)(iii) of this definition, or by tax-exempt, unlimited general obligation bonds of a state or municipal government rated "A" (or its equivalent) or better by one or more nationally recognized rating agencies, having at all times a market value in the aggregate (exclusive of accrued interest) at least equal to the amount of such deposits so secured, including accrued interest (or by any combination thereof); (iii) bonds, debentures, notes, or other evidences of indebtedness issued or guaranteed by any of the following agencies: Federal Farm Credit Banks; the Export-Import Bank of the United States; Federal Land Banks; the Federal National Mortgage Association; the Tennessee Valley Authority; the Government National Mortgage Association; the Federal Financing Bank; the Farmers Home Administration; the Federal Home Loan Bank; or any agency or instrumentality of the Federal Government which is established for the purposes of acquiring the obligations of any of the foregoing or otherwise providing financing therefor; (iv) repurchase agreements with banks described in subparagraph (b)(ii) of this definition and government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by depositing Federal Securities or obligations described in subparagraphs (b)(i) or (b)(iii) of this definition with an escrow agent satisfactory to the City, including, without limitation, any Federal Reserve Bank or any branch thereof; (v) banker's acceptances that are rated at the time of purchase in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and that mature not more than 180 days after the date of purchase; (vi) new housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under a contract with the Federal Government; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the Federal Government; (vii) obligations issued by the City which are rated "A" (or its equivalent) or better by one or more nationally recognized rating agencies, but excluding any Bonds or Subordinate Bonds; (viii) commercial paper that is rated at the time of purchase in the highest short-term rating category of, or is otherwise approved by, the Rating Agencies and that matures not more than 270 days after the date of purchase; (ix) investments in (1) money

market funds which are rated, at the time of purchase, in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and (2) public sector investment pools operated pursuant to Rule 2a-7 promulgated by the Securities and Exchange Commission in which the issuer's deposit must not exceed 5% of the aggregate pool balance at any time, if the pool is rated, at the time of purchase, in one of the two highest short-term rating categories by, or is otherwise approved by, the Rating Agencies; (x) any bonds or other obligations of any state of the United States of America or any agency, instrumentality or local government unit of such state that are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and either: (A) that are rated, on the date of purchase, based on the irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category by, or are otherwise approved by, the Rating Agencies; or (B) as to which the following apply: (1) such bonds or other obligations are fully secured as to principal, interest and any redemption premium by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of the principal, interest and any redemption premium on those bonds or other obligations on their maturity date or dates or the specified redemption date or dates in accordance with those irrevocable instructions, as appropriate; and (2) the escrow is sufficient, as verified by an independent certified public accountant, to pay principal, interest and any redemption premium on the bonds or other obligations described in this paragraph (x) on the maturity date or dates or the specified redemption date or dates specified in the irrevocable instructions referred to above, as appropriate; (xi) obligations issued by any state of the United States of America or any agency, instrumentality or local government unit of such state, and which obligations have on the date of purchase a rating in one of the two highest rating categories of, or are otherwise approved by, the Rating Agencies, without regard to any numerical or positive or negative designation; (xii) Investment Agreements with: (A) a Broker/Dealer (or its parent) either (1) having uninsured, unsecured and unguaranteed debt rated, at the time of investment, investment grade by, or is otherwise approved by, the Rating Agencies (in which case the agreement must provide that, if the provider is downgraded below investment grade by at least two of the Rating Agencies, the City may terminate the agreement) or (2) providing an investment agreement which is fully secured by Federal Securities which are (a) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (b) held by any Federal Reserve Bank or a depository acceptable to the City, (c) subject to a perfected first lien on behalf of owners of the Bonds, and (d) free and clear from all third-party liens; (B) a bank having long-term uninsured, unsecured and unguaranteed debt rated, at the time of investment, in one of the two highest rating categories by, or is otherwise approved by, the Rating Agencies (the agreement must provide that, if the bank is downgraded below "A-" (or its equivalent) by at least two Rating Agencies, the City may terminate the agreement); (C) an insurance company having an uninsured, unsecured, and unguaranteed claims paying ability rated, at the time of investment, in the highest rating category by, or otherwise approved by, the Rating Agencies (the agreement must provide that, if the insurance company is downgraded below the highest rating category by at least two Rating Agencies, the City may terminate the agreement); and (D) a corporation whose principal business is to enter into investment agreements, if that corporation has been assigned, at the time of investment, a counterparty rating in the highest rating category by, or is otherwise approved by, the Rating Agencies, or the Rating Agencies have, at the time of the investment, rated the investment agreements of such corporation in the highest rating category or have otherwise approved such investment (the agreement must provide that, if either the corporation's counterparty rating or that corporation's investment agreements rating is downgraded by at least two of the Rating Agencies, the City may terminate the agreement); and (xiii) such other investments as the Treasurer may be authorized to make with the general funds of the City.

"*Junior Lien Bonds*" means bonds, notes, certificates, commercial paper, or other securities issued pursuant to the provisions of the General Junior Lien Bond Ordinance which are payable from the Net Revenues of the Airport System and payment of which is secured by a pledge of and lien on such Net Revenues, subordinate only to the lien thereon of the Senior Bonds and the lien thereon of the Subordinate Bonds, including without limitation Junior Lien Refunding Bonds, Junior Lien Serial Bonds, Junior Lien Term Bonds, Junior Lien Credit Enhanced Bonds, Junior Lien Option Bonds, Junior Lien Capital Appreciation Bonds, and Junior Lien Variable Rate Bonds. The term does not include any Junior Lien Obligations (except as represented by any bonds registered in the name of any provider of any Junior Lien Credit Facility or its nominee as a result of the purchase thereof with proceeds of such Junior Lien Credit Facility).

"*Junior Lien Bond Escrow Account*" means any special and separate account established with a Junior Lien Bond Escrow Bank in whole or in part with the proceeds of any Junior Lien Refunding Bonds or other moneys to provide for the timely payment of any Junior Lien Bond Requirements.

"*Junior Lien Bond Escrow Bank*" means a trust bank, designated by Supplemental Junior Lien Bond Ordinance to administer a Junior Lien Bond Escrow Account.

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

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

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

"*Junior Lien Bond Reserve Account*" means a special account established within the Junior Lien Obligations Fund as provided in Section 503 of the General Junior Lien Bond Ordinance.

"*Junior Lien Bond Sinking Fund Requirements*" means for any period amounts required by the General Junior Lien Bond Ordinance or by Supplemental Junior Lien Bond Ordinance to be credited to the Junior Lien Obligations Fund to redeem Junior Lien Term Bonds.

"*Junior Lien Capital Appreciation Bonds*" means Junior Lien Bonds which by their terms appreciate in value to a stated face amount at maturity.

"*Junior Lien Contract Obligations*" means capital leases, installment purchase agreements, guaranty agreements, loans or purchase agreements with banks or other financial institutions, development agreements, concession agreements, or other similar contracts (or any obligations incurred in connection therewith) incurred pursuant to the provisions of the General Junior Lien Bond Ordinance which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues, subordinate only to the lien thereon of the Senior Bonds and Obligations and the lien thereon of the Subordinate Bonds and Subordinate Obligations. The term does not include (i) Junior Lien Bonds, Junior Lien Credit Facility Obligations, or Junior Lien Hedge Facility Obligations; or (ii) obligations that may be treated as Operation and Maintenance Expenses under generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses). The Hotel Junior Lien Obligation constitutes a Junior Lien Contract Obligation.

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

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

"*Junior Lien Credit Facility Obligations*" means repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Junior Lien Credit Facility, and which obligations are payable from all or any designated portion of the Net

Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues subordinate only to the lien thereon of the Senior Bonds and any Obligations and the lien thereon of the Subordinate Bonds and any Subordinate Obligations.

"*Junior Lien Current Interest Bonds*" means Junior Lien Bonds on which interest is payable on interest payment dates prior to maturity or redemption prior to maturity.

"*Junior Lien Debt Service Requirements*" for any period means the sum of:

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

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

(iii) The amount of any Junior Lien Credit Facility Obligations or Junior Lien Contract Obligations required to be paid, and any Regularly Scheduled Hedge Payments to be made by the City with respect to any Junior Lien Hedge Facility secured hereunder during such period, in each case computed as follows:

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

(b) Except for any historical period for which the actual rate or rates are determinable and except as otherwise provided herein, Junior Lien Bonds and Junior Lien Obligations which bear interest at a variable rate shall be deemed to bear interest at a fixed annual rate equal to the prevailing rate of such Junior Lien Bonds or Junior Lien Obligations on the date of computation or such higher annual rate as determined to be reasonable by the Treasurer based on market conditions; provided that in any computation (i) of any applicable minimum reserve requirement set forth in a Supplemental Junior Lien Bond Ordinance (except as otherwise provided therein); (ii) relating to issuing or incurring additional Junior Lien Bonds or Junior Lien Obligations required by Article VII of the General Junior Lien Bond Ordinance; or (iii) required by the rate maintenance covenant of § 901 of the General Junior Lien Bond Ordinance, such Junior Lien Bonds or Junior Lien Obligations shall be deemed to bear interest at a fixed annual rate equal to (x) the average of the daily rates of such Junior Lien Bonds or Junior Lien Obligations during the 365 consecutive days (or any lesser period such Junior Lien Bonds or Junior Lien Obligations have been Outstanding) next preceding the date of computation; (y) with respect to any such Junior Lien Bonds or Junior Lien Obligations which are being issued or incurred on the date of computation, the initial rate of such Junior Lien Bonds or Junior Lien Obligations; or (z) such higher annual rate as determined to be reasonable by the Treasurer based on market conditions.

(c) Further, in any computation relating to issuing or incurring additional Junior Lien Bonds or Junior Lien Obligations required by Article VII of the General Junior Lien Bond Ordinance and any computation required by the rate maintenance covenant in § 901 of the General Junior Lien Bond Ordinance, there shall be excluded from the computation of Junior Lien Debt Service Requirements amounts which are irrevocably committed to make such payments during such period, including without limitation any amounts in a Junior Lien Bond Escrow Account and any proceeds of Junior Lien Bonds or Junior Lien Obligations so committed for the payment of capitalized interest, but not including any amounts on deposit in the Junior Lien Bond Reserve Account.

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

(e) The Junior Lien Debt Service Requirements of any series of Junior Lien Bonds or Junior Lien Obligations (other than those maturing within one year of the date they are issued or incurred) which includes a maturity of such series or obligation which (i) satisfies the definition of Balloon Maturity set forth below in provision (h) of this definition and (ii) which the City designates in the Supplemental Junior Lien Bond Ordinance authorizing such series or obligation shall be treated as a Balloon Maturity, unless otherwise provided in the applicable Supplemental Junior Lien Bond Ordinance, shall be calculated by assuming that principal and interest on such Balloon Maturity is to be amortized over a 30-year period, beginning on the date of issuance or incurrence, assuming level debt service payable in each year at a rate of interest equal to the actual rate of interest of such Balloon Maturity on the date of calculation, provided that if the date of calculation is within 12 months of the final due date of such Balloon Maturity, the full amount of principal to become due shall be included in the calculation unless provision (g) of this definition then applies to such maturity.

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

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

(h) For purpose hereof: "Balloon Maturity" means, with respect to any series of Junior Lien Bonds or Junior Lien Obligations 50% or more of the aggregate principal amount (or stated face amount) of which is payable in any Fiscal Year, that portion of that series or obligation which matures within that Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of those Junior Lien Bonds or Junior Lien Obligations required to be redeemed or otherwise prepaid prior to their stated maturity date. Similar structures with respect to commercial paper, bond anticipation notes or other Short-Term/Demand Obligations shall not be Balloon Maturities for purposes of this Instrument; "Regularly Scheduled Hedge Payments" means the regularly scheduled payments under the terms of a Junior Lien Hedge Facility which are due absent any termination, default or dispute in connection with such Junior Lien Hedge Facility; and "Short-Term/Demand Obligations" means each series of Junior Lien Bonds or Junior Lien Obligations issued or incurred pursuant to the General Junior Lien Bond Ordinance, (a) the payment of principal of which is either (i) payable on demand by or at the option of the owner at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Junior Lien Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance or incurrence and is contemplated to be refinanced for a specified period or term either (A) through the issuance of additional Short-Term/Demand Obligations pursuant to a commercial paper or other similar program, or (B) through the issuance of long-term Junior Lien Bonds pursuant to a bond anticipation note or similar program, and (b) the purchase price, payment or refinancing of which is additionally secured by a Junior Lien Credit Facility.

(i) In any circumstance where the amounts required to pay Junior Lien Bonds or Junior Lien Obligations are uncertain and the conventions set forth above are not applicable, the Treasurer may determine such amounts based on the Treasurer's reasonable estimate of the amount of Net Revenues that will effectively be required to pay such Junior Lien Bonds or Junior Lien Obligations, or any combination thereof; and such determination shall be conclusive. Any such determination may take into account, without limitation, the effect of provisions requiring or permitting the netting of payment obligations and the effect on payment obligations of circumstances that are within the control of the City and are reasonably expected to occur.

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

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

"*Junior Lien Improvement Project*" means any project (i) to acquire, improve or equip (or any combination thereof) Facilities, or (ii) to effect any other lawful undertaking determined by the Manager to be of benefit to the Airport System, as authorized and described by Supplemental Junior Lien Bond Ordinance.

"*Junior Lien Obligations*" means Junior Lien Credit Facility Obligations, Junior Lien Contract Obligations, and Junior Lien Hedge Facility Obligations. The Hotel Junior Lien Obligation, as a Junior Lien Contract Obligation, shall constitute a Junior Lien Obligation.

"*Junior Lien Serial Bonds*" means any Junior Lien Bonds other than Term Junior Lien Bonds.

"*Manager*" means the manager of the City's Department of Aviation, or his or her designee and successor in functions, if any.

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

"*Minimum Bond Reserve*" with respect to Senior Bonds, means the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such

computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding. With respect to any series of Bonds, 25% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it will be assumed for purposes of determining the Minimum Bond Reserve that (a) such series of Bonds matures over a twenty-year term from its date of issuance, (b) bears interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined is not to be less than the actual rate or rates borne by such series of Bonds, and (c) is payable on a substantially level annual debt service basis assuming the rate so determined. *This definition would be changed by the Proposed Amendments. See Appendix 2 — “PROPOSED AMENDMENTS TO THE BOND ORDINANCE.”*

“*Minimum Junior Lien Bond Reserve*” means the amount, if any, so designated with respect to a Series of Junior Lien Bonds in the Supplemental Junior Lien Bond Ordinance authorizing their issuance which is to be maintained as a continuing reserve to be used, except as otherwise provided, only to prevent deficiencies in the payment of Junior Lien Bond Requirements with respect to such Series of Junior Lien Bonds.

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

“*Minimum Subordinate Bond Reserve*” means the amount, if any, so designated with respect to a Series of Subordinate Bonds in the Supplemental Subordinate Bond Ordinance authorizing their issuance which is to be maintained as a continuing reserve to be used, except as otherwise provided, only to prevent deficiencies in the payment of Subordinate Bond Requirements with respect to such Series of Subordinate Bonds.

“*Moody’s*” means Moody’s Investors Service, Inc. and its successors.

“*Net Rent Lease*” means a lease of facilities relating to the Airport System or Special Facilities entered into by the City pursuant to which the lessee or licensee agrees to pay to the City rentals during the term thereof, and to pay in addition all operation and maintenance expenses relating to the leased facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or hereafter lawfully levied. *This definition would be changed by the Proposed Amendments. See Appendix 2— “PROPOSED AMENDMENTS TO THE BOND ORDINANCE.”*

“*Net Revenues*” means the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses.

“*Obligations*” means Credit Facility Obligations and Hedge Facility Obligations.

“*Operation and Maintenance Expenses*” means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining, and repairing the Airport System. The term includes without limitation: (a) engineering, auditing, reporting, legal, and other overhead expenses of the various departments of the City (including without limitation the expenses of the Treasurer) directly related and reasonably allocable to the administration, operation, and maintenance of the Airport System; (b) fidelity bond and property and liability insurance premiums relating to the Airport System, or a reasonably allocable share of a premium of any blanket bond or policy relating to the Airport System; (c) payments to pension, retirement, health, and hospitalization funds, and other insurance, and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance; (d) any general (ad valorem) taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the City, the Airport System, the revenue, or income derived therefrom, or any privilege in connection therewith; (e) the reasonable charges of the Paying Agent and any other depository bank relating to the Senior Bonds, Subordinate Bonds and Junior Lien Bonds; (f) costs of contractual services, professional services, salaries, other administrative expenses, and costs of materials, supplies, repairs, and labor, relating to the Airport System or to Senior Bonds, Subordinate Bonds and Junior Lien Bonds, including without limitation the reasonable expenses and compensation of trustees, receivers, or other agents or fiduciaries; (g) costs incurred in collecting or refunding all or any part of the

Gross Revenues including the amount of any such refunds; (h) costs of any utility services furnished to the Airport System by the City or otherwise; (i) periodic fees, premiums or other costs incurred in connection with any Credit Facility Obligations, any Subordinate Credit Facility Obligations or any Junior Lien Credit Facility Obligations; and (j) all other generally accepted current expenses of operating, maintaining and repairing an airport system similar to the Airport System. The term does not include any allowance for depreciation; the Cost of any Improvement Project, any Subordinate Bond Improvement Project, or any Junior Lien Bond Improvement Project (except to the extent not paid as part of such Cost and otherwise properly characterized as an Operation and Maintenance Expense); any reserves for major capital replacements or Operation and Maintenance Expenses (except as required in the Bond Ordinance); payments in respect of Debt Service Requirements and debt service requirements of any Subordinate Bonds and any Junior Lien Bonds; any expenses incurred by lessees or licensees under Net Rent Leases; any Operation and Maintenance Expenses relating to Special Facilities (except as otherwise provided in the Bond Ordinance); and any liabilities imposed on the City, including, without limitation, negligence in the operation of the Airport System. Any reference to Bonds, Paying Agent, Credit Facility Obligations, Improvement Project or Debt Service Requirements shall be deemed also to include Subordinate Bonds and Junior Lien Bonds, Subordinate Bond Paying Agent and Junior Lien Bond Paying Agent, Subordinate Credit Facility Obligations and Junior Lien Credit Facility Obligations, Subordinate Bond Improvement Project and Junior Lien Improvement Project, and Subordinate Debt Service Requirements and Junior Lien Debt Service Requirements, respectively.

“Operation and Maintenance Fund” means the special and separate account designated as the “City and County of Denver, Airport System Operation and Maintenance Fund,” created under the Bond Ordinance.

“Operation and Maintenance Reserve Account” means the special and separate subaccount in the Operation and Maintenance Fund designated as the “City and County of Denver, Airport System Operation and Maintenance Reserve Account,” created under the Bond Ordinance.

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

“Ordinance” means the General Bond Ordinance of the City passed by the City Council on November 26, 1984, and approved by the Mayor on November 29, 1984, Ordinance No. 626, Series of 1984, as supplemented and amended by the 1984 Airport System Supplemental Bond Ordinance, Ordinance No. 627, Series of 1984; the Series 1985 Airport System Supplemental Bond Ordinance, Ordinance No. 674, Series of 1985; the Series 1990A Airport System Supplemental Bond Ordinance, Ordinance No. 268, Series of 1990; the Series 1991A Airport System Supplemental Bond Ordinance, Ordinance No. 278, Series of 1991; the Series 1991D Airport System Supplemental Bond Ordinance, Ordinance No. 726, Series of 1991; the Series 1992A Airport System Supplemental Bond Ordinance, Ordinance No. 82, Series 1992; the Series 1992B Airport System Supplemental Bond Ordinance, Ordinance No. 288, Series of 1992; the Ninth Supplemental Ordinance; the Series 1992C Airport System Supplemental Bond Ordinance, Ordinance No. 640, Series of 1992; the Series 1992D Airport System Supplemental Bond Ordinance, Ordinance No. 641, Series of 1992; the Series 1992E Airport System Supplemental Bond Ordinance, Ordinance No. 642, Series of 1992; the Series 1992F Airport System Supplemental Bond Ordinance, Ordinance No. 643, Series of 1992; the Series 1992G Airport System Supplemental Bond Ordinance, Ordinance No. 644, Series of 1992; the Series 1994A Airport System Supplemental Bond Ordinance, Ordinance No. 680, Series of 1994; the Series 1995A Airport System Supplemental Bond Ordinance, Ordinance No. 428, Series of 1995; the Series 1995B Airport System Supplemental Bond Ordinance, Ordinance No. 429, Series of 1995; the Series 1995C Airport System Supplemental Bond Ordinance, Ordinance No. 950, Series of 1995; the Series 1996A Airport System Supplemental Bond Ordinance, Ordinance No. 226, Series of 1996; the Series 1996B Airport System Supplemental Bond Ordinance, Ordinance No. 227, Series of 1996; the Twenty-first Supplemental Ordinance; the Series 1996C Airport System Supplemental Bond Ordinance, Ordinance No. 888, Series of 1996; the Series 1996D Airport System Supplemental Bond Ordinance, Ordinance No. 889, Series of 1996; the Twenty-fourth Supplemental Ordinance, Ordinance No. 480, Series of 1997; the Series 1997D Airport System Supplemental Bond Ordinance, Ordinance No. 547, Series of 1997; the Series 1997E Airport System Supplemental Bond Ordinance, Ordinance No. 548, Series of 1997; the Twenty-seventh Supplemental Ordinance; the Series 1998A Airport System Supplemental Bond Ordinance, Ordinance No. 821, Series of 1998; the Series 1998B Airport System Supplemental Bond Ordinance, Ordinance No. 822, Series of 1998; the Thirtieth Supplemental Ordinance; the Series

2000A Airport System Supplemental Bond Ordinance, Ordinance No. 647, Series of 2000; the Series 2000B Airport System Supplemental Bond Ordinance, Ordinance No. 648, Series of 2000; the Series 2000C Airport System Supplemental Bond Ordinance, Ordinance No. 649, Series of 2000; the Series 2001A Airport System Supplemental Bond Ordinance, Ordinance No. 539, Series of 2001; the Series 2001B Airport System Supplemental Bond Ordinance, Ordinance No. 540, Series of 2001; the Series 2001D Airport System Supplemental Bond Ordinance, Ordinance No. 675, Series of 2001; the Series 2002A1-A3 Airport System Supplemental Bond Ordinance, Ordinance No. 715, Series of 2002; the Series 2002C Airport System Supplemental Bond Ordinance, Ordinance No. 800, Series of 2002; the Series 2002D Airport System Supplemental Bond Ordinance, Ordinance No. 801, Series of 2002; the Series 2002E Airport System Supplemental Bond Ordinance, Ordinance No. 802, Series of 2002; the Series 2003A Supplemental Bond Ordinance, Ordinance No. 298, Series of 2003; the Series 2003B Supplemental Bond Ordinance, Ordinance No. 299, Series of 2003; the Series 2004A Supplemental Bond Ordinance, Ordinance No. 748, Series of 2004; the Series 2004B Supplemental Bond Ordinance, Ordinance No. 749, Series of 2004; the Series 2005A Supplemental Bond Ordinance, Ordinance No. 559, Series of 2005; the Series 2005B1-B2 Supplemental Bond Ordinance, Ordinance No. 785, Series of 2005; the Series 2005C1-C2 Supplemental Bond Ordinance, Ordinance No. 786, Series of 2005; the Series 2006A Supplemental Bond Ordinance, Ordinance No. 495, Series of 2006; the Series 2006B Supplemental Bond Ordinance, Ordinance No. 496, Series of 2006; the Series 2007A-B Supplemental Ordinance, Ordinance No. 375, Series of 2007; the Series 2007C Supplemental Ordinance, Ordinance No. 376, Series of 2007; the Series 2007D-E Supplemental Ordinance, Ordinance No. 415, Series of 2007; the Series 2007F1-F4 Supplemental Ordinance, Ordinance No. 625, Series of 2007, as amended by Ordinance No. 363, Series of 2008; the Series 2007G1-G2 Supplemental Ordinance, Ordinance No. 626, Series of 2007, as amended and restated by the Amended and Restated Series 2007G1-G2 Supplemental Bond Ordinance, Ordinance No. 722, Series of 2007; the Series 2008A Supplemental Ordinance, Ordinance No. 179, Series of 2008; the Series 2008B Supplemental Ordinance, Ordinance No. 322, Series of 2008; the Series 2008C1-C3 Supplemental Ordinance, Ordinance No. 483, Series of 2008; the Series 2009A-B Supplemental Ordinance, Ordinance No. 578, Series of 2009; the Series 2009C Supplemental Ordinance, Ordinance No. 577, Series of 2009; the Series 2010A Supplemental Ordinance, Ordinance No. 107, Series of 2010; the Series 2010B Supplemental Ordinance, Ordinance No. 108, Series of 2010; the Series 2011A Supplemental Ordinance, Ordinance No. 181, Series of 2011; the Series 2011B Supplemental Ordinance, Ordinance No. 489, Series 2011, the Series 2011C Supplemental Ordinance, Ordinance No. 490, Series of 2011; the Series 2012A-B Supplemental Ordinance, Ordinance No. 490, Series 2012; the Series 2012C Supplemental Ordinance, Ordinance No. 491, Series of 2012; the Series 2014A Supplemental Ordinance, Ordinance No. 745, Series of 2014, Ordinance No. 15-757, Series of 2015; as amended by the 2016A Supplemental Ordinance, Ordinance No. 16-0979, Series of 2016; the Series 2016B Supplemental Ordinance, Ordinance No. 16-0980, Series of 2016; and the PFC Supplemental Ordinances.

“*Other Available Funds*” means for any Fiscal Year the amount determined appropriate by the Manager to be transferred from the Capital Fund to the Revenue Fund; but (i) for purposes of the General Bond Ordinance, in no event is such amount to exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year, (ii) for purposes of the General Subordinate Bond Ordinance, in no event is such amount to exceed the greater of 25% of aggregate Debt Service Requirements or 10% of the sum of the aggregate Debt Service Requirements and Subordinate Debt Service Requirements for such Fiscal Year, or (iii) for purposes of the General Junior Lien Bond Ordinance, in no event shall such amount exceed the greater of 25% of aggregate Debt Service Requirements or 10% of the sum of the aggregate Debt Service Requirements and Subordinate Debt Service Requirements for such Fiscal Year or 10% of the sum of the aggregate Debt Service Requirements, Subordinate Debt Service Requirements and Junior Lien Debt Service Requirements for such Fiscal Year.

“*Outstanding*” when used with reference to any Bonds, Subordinate Bonds or Junior Lien Bonds and as of any particular date means all such Bonds, Subordinate Bonds or Junior Lien Bonds in any manner theretofore or thereupon issued, except: (a) any Bonds, Subordinate Bonds or Junior Lien Bonds canceled or paid by or on behalf of the City on or before such date; (b) any Bonds, Subordinate Bonds or Junior Lien Bonds which are deemed to be paid pursuant to the Bond Ordinance, the General Subordinate Bond Ordinance or the General Junior Lien Bond Ordinance as applicable, or for which sufficient moneys are held in trust pursuant to the Bond Ordinance, the Subordinate Bond Ordinance or the General Junior Lien Bond Ordinance; (c) any Bonds, Subordinate Bonds or Junior Lien Bonds (including without limitation Subordinate Option Bonds and Junior Lien Option Bonds deemed tendered or purchased) in lieu of or in substitution for which other Bonds, Subordinate Bonds or Junior Lien Bonds have been executed and delivered; and, (d) except any Bonds held as Bank Bonds (as defined in any related Supplemental Ordinance), any Option Bonds deemed tendered or

purchased as provided by Supplemental Ordinance. In determining whether the owners of the requisite principal amount of Outstanding Bonds, Outstanding Subordinate Bonds or Outstanding Junior Lien Bonds have given any request, demand, authorization, direction, notice, consent or waiver, Bonds, Subordinate Bonds or Junior Lien Bonds owned by the City are to be disregarded and deemed not to be Outstanding.

“*Passenger Facility Charges*” or “*PFCs*” means charges collected by the City pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport System and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

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

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

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

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

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

“*Pledged Revenues*” means (i) for purposes of the Bond Ordinance, all or a portion of the Gross Revenues, (ii) for purposes of the General Subordinate Bond Ordinance, any other revenues not included in Gross Revenues that are irrevocably pledged under the provisions of any Supplemental Subordinate Bond Ordinance to secure the payment of the Subordinate Bond Requirements of the Subordinate Bonds and, to the extent provided in any Supplemental Subordinate Bond Ordinance, to the payment of any Subordinate Obligations, and (iii) for purposes of the General Junior Lien Bond Ordinance, any other revenues not included in Gross Revenues that are irrevocably pledged under the provisions of any Supplemental Junior Lien Bond Ordinance to secure the payment of the Junior Lien Bond Requirements of the Junior Lien Bonds and, to the extent provided in any Supplemental Junior Lien Bond Ordinance, to the payment of any Junior Lien Obligations. The designated term indicates a source of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

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

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

“*Proposed Amendments*” means the proposed amendments to the Bond Ordinance as set forth in Appendix 2 — “PROPOSED AMENDMENTS TO THE BOND ORDINANCE.” Such Proposed Amendments have been proposed and consented to by the requisite amount of the registered owners of the Senior Bonds, but

not adopted by the City Council. Such Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council.

“*Purchase Price*” means that amount due an owner of any Bond, Subordinate Bond or Junior Lien Bond purchased or deemed purchased pursuant to and as provided in the Supplemental Ordinance, Supplemental Subordinate Bond Ordinance or Supplemental Junior Lien Bond Ordinance authorizing such Bond, Subordinate Bond or Junior Lien Bond.

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

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

“*Redemption Date*” means the date fixed by the City for the mandatory or optional redemption or required tender of any Bonds, Subordinate Bonds or any Junior Lien Bonds prior to their respective fixed maturity dates.

“*Redemption Price*” means, when used with respect to a Current Interest Bond or Subordinate Current Interest Bond or Junior Lien Current Interest Bonds, the principal amount thereof, plus the applicable premium, if any, payable on a Redemption Date, or when used with respect to a Capital Appreciation Bond or a Subordinate Capital Appreciation Bond or a Junior Lien Capital Appreciation Bond, the accreted value, plus the applicable premium, if any, payable on a Redemption Date.

“*Refunding Bonds*” means any Senior Bonds issued to refund, pay and discharge any Senior Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

“*Refunding Project*” means any undertaking to refund, pay, and discharge any Senior Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

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

“*Regularly Scheduled Hedge Payments*” means the regularly scheduled payments under the terms of a Hedge Facility which are due absent any termination, default or dispute in connection with such Hedge Facility.

“*Revenue Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Gross Revenue Fund,” created under the Bond Ordinance.

“*S&P*” means Standard & Poor’s Ratings Service, Inc. and its successors.

“*Second PFC Application*” means the City’s PFC application which was approved by the FAA in January 2001.

“*Securities Depository*” means DTC, and includes any nominee or successor thereof.

“*Series 1992C Bonds*” means the Airport System Revenue Bonds, Series 1992C, issued on September 24, 1992, in the original aggregate principal amount of \$392,160,000, pursuant to Ordinance No. 640, Series of 1992.

“*Series 1992F Bonds*” means the Airport System Revenue Bonds, Series 1992F, issued on September 24, 1992, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$30,000,000, pursuant to Ordinance No. 643, Series of 1992.

“*Series 1992G Bonds*” means the Airport System Revenue Bonds, Series 1992G, issued on September 24, 1992, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$25,000,000, pursuant to Ordinance No. 644, Series of 1992.

“*Series 2002C Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002C, issued on October 9, 2002, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$49,000,000, pursuant to Ordinance No. 800, Series of 2002.

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

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

“*Series 2007F1-F2 Bonds*” means the Airport System Revenue Bonds, Series 2007F1-F2, issued on November 14, 2007, as auction rate bonds, with two other subseries that are no longer outstanding, in the original aggregate principal amount of \$208,025,000, pursuant to Ordinance No. 625, Series of 2007, as amended by Ordinance No. 363, Series of 2008, and additionally secured both by municipal bond insurance and a standby bond purchase agreement constituting Credit Facilities.

“*Series 2007G1-G2 Bonds*” means the Airport System Revenue Bonds, Series 2007G1-G2, issued on November 14, 2007, in two subseries as variable rate bonds in the original aggregate principal amount of \$148,500,000, pursuant to Ordinance No. 722, Series of 2007, and additionally secured both by municipal bond insurance and a standby bond purchase agreement constituting Credit Facilities.

“*Series 2008A Bonds*” means the Airport System Revenue Bonds, Series 2008A1, issued on April 14, 2008, with three other subseries that are no longer outstanding as of November 15, 2017, in the original aggregate principal amount of \$608,840,000, pursuant to Ordinance No. 179, Series of 2008.

“*Series 2008B Bonds*” means the Airport System Revenue Bonds, Series 2008B, issued on June 30, 2008, as variable rate bonds in the original aggregate principal amount of \$81,800,000, pursuant to Ordinance No. 322, Series of 2008, and additionally secured by a direct-pay letter of credit constituting a Credit Facility providing both credit and liquidity support.

“*Series 2008C1-C3 Bonds*” means the Airport System Revenue Bonds, Series 2008C1-C3, issued in three subseries on November 4, 2008 (Subseries 2008C2 and Subseries 2008C3), and November 7, 2008 (Subseries 2008C1), as variable rate bonds in the original aggregate principal amount of \$292,600,000, pursuant to Ordinance No. 483, Series of 2008, and additionally secured by individual Credit Facilities.

“*Series 2009A Bonds*” means the Airport System Revenue Bonds, Series 2009A, issued on October 28, 2009, in the original aggregate principal amount of \$170,190,000, pursuant to Ordinance No. 758, Series of 2009.

“*Series 2009B Bonds*” means the Taxable Airport System Revenue Bonds, Series 2009B (Build America Bonds — Direct Payment), issued on October 28, 2009, in the original aggregate principal amount of \$65,290,000, pursuant to Ordinance No. 758, Series of 2009.

“*Series 2009C Bonds*” means the Airport System Revenue Bonds, Series 2009C, issued on November 6, 2009, in the original aggregate principal amount of \$104,655,000, pursuant to Ordinance No. 577, Series of 2009, as

variable rate bonds and additionally secured by a direct-pay letter of credit constituting a Credit Facility providing both credit and liquidity support.

“*Series 2010A Bonds*” means the Airport System Revenue Bonds, Series 2010A, issued on March 9, 2010, in the original aggregate principal amount of \$171,360,000, pursuant to Ordinance No. 107, Series of 2010.

“*Series 2011A Bonds*” means the Airport System Revenue Bonds, Series 2011A, issued on April 14, 2011, in the original aggregate principal amount of \$349,730,000, pursuant to Ordinance No. 181, Series of 2011.

“*Series 2011B Bonds*” means the Airport System Revenue Bonds, Series 2011B, issued on October 5, 2011, in the original aggregate principal amount of \$198,370,000, pursuant to Ordinance No. 489, Series of 2011.

“*Series 2012A Bonds*” means the Airport System Revenue Bonds, Series 2012A, issued on October 17, 2012, in the original aggregate principal amount of \$315,780,000, pursuant to Ordinance No. 490, Series of 2012.

“*Series 2012B Bonds*” means the Airport System Revenue Bonds, Series 2012B, issued on October 17, 2012, in the original aggregate principal amount of \$510,140,000, pursuant to Ordinance No. 490, Series of 2012.

“*Series 2012C Bonds*” means the Airport System Revenue Bonds, Series 2012C, issued on October 17, 2012, in the original aggregate principal amount of \$30,285,000, pursuant to Ordinance No. 491, Series of 2012.

“*Series 2016A Bonds*” means the Airport System Revenue Bonds, Series 2016A, issued on December 1, 2016, in the original aggregate principal amount of \$256,810,000, pursuant to Ordinance No. 16-0979, Series of 2016.

“*Series 2016B Bonds*” means the Airport System Revenue Bonds, Series 2016B, issued on December 1, 2016, in the original aggregate principal amount of \$108,735,000, pursuant to Ordinance No. 16-0980, Series of 2016.

“*Series 2017A Bonds*” means the Airport System Revenue Bonds, Series 2017A, in the original aggregate principal amount of \$254,225,000.

“*Series 2017B Bonds*” means the Airport System Revenue Bonds, Series 2017B, in the original aggregate principal amount of \$21,280,000.

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

“*Series 2013A-B Minimum Subordinate Bond Reserve*” means an amount determined on the date of initial issuance of the Series 2013A-B Subordinate Bonds, equal to the lesser of (a) the maximum amount of Subordinate Bond Requirements with respect to the Series 2013A-B Subordinate Bonds in any Fiscal Year, or (b) 125% of the average annual Subordinate Bond Requirements with respect to the Series 2013A-B Subordinate Bonds, or (c) 10% of the lesser of the proceeds of or the stated principal amount of the Series 2013A-B Subordinate Bonds.

“*Series 2013A Subordinate Bonds*” means the Airport System Subordinate Revenue Bonds, Series 2013A, in the original aggregate principal amount of \$326,260,000.

“*Series 2013B Subordinate Bonds*” means the Airport System Subordinate Revenue Bonds, Series 2013B, in the original aggregate principal amount of \$393,655,000.

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

“*Special Facilities*” means facilities relating to or used in connection with the Airport System, the cost of which is financed with the proceeds of Special Facilities Bonds issued pursuant to the Bond Ordinance. *This*

definition would be changed by the Proposed Amendments. See Appendix D — “PROPOSED AMENDMENTS TO THE BOND ORDINANCE.”

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

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

“*State*” means the State of Colorado.

“*Subordinate Bonds*” means bonds or other securities or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of Senior Bonds. The term does not include any Subordinate Contract Obligations (except as represented by any bonds registered in the name of any provider of any Subordinate Credit Facility or its nominee as a result of the purchase thereof with proceeds of such Subordinate Credit Facility).

“*Subordinate Bond Escrow Account*” means any special and separate account established with a Subordinate Bond Escrow Bank in whole or in part with the proceeds of any Subordinate Refunding Bonds or other moneys to provide for the timely payment of any Subordinate Bond Requirements.

“*Subordinate Bond Escrow Bank*” means a trust bank, designated by Supplemental Subordinate Bond Ordinance to administer a Subordinate Bond Escrow Account.

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

“*Subordinate Bond Improvement Project*” means any project (i) to acquire, improve or equip (or any combination thereof) Facilities, or (ii) to effect any other lawful undertaking determined by the Manager to be of benefit to the Airport System, as authorized and described by Supplemental Subordinate Bond Ordinance.

“*Subordinate Bond Refunding Project*” means any project to refund, pay and discharge any Subordinate Bonds, Subordinate Obligations, Junior Lien Obligations, or other securities or obligations.

“*Subordinate Bond Requirements*” means for any period the Subordinate Debt Service Requirements payable during such period, excluding the amount of any Subordinate Obligations payable (or for which reserves are required to be deposited) during such period.

“*Subordinate Bond Reserve Account*” means a special account established within the Subordinate Bond Fund as provided in the General Subordinate Bond Ordinance.

“*Subordinate Bonds*” means bonds, notes, certificates, commercial paper, or other securities issued pursuant to the provisions of the General Subordinate Bond Ordinance which are payable from the Net Revenues of the Airport System and which payment is secured by a pledge of and lien on such Net Revenues, subordinate only to the lien thereon of the Senior Bonds, including without limitation Subordinate Refunding Bonds, Subordinate Serial Bonds, Subordinate Term Bonds, Subordinate Credit Enhanced Bonds, Subordinate Option Bonds, Subordinate Capital Appreciation Bonds, Subordinate Current Interest Bonds and Subordinate Variable Rate Bonds. The term does not include any Subordinate Obligations (except as presented by any bonds registered in the name of any provider of any Subordinate Credit Facility or its nominee as a result of the purchase thereof with proceeds of such Subordinate Credit Facility).

“*Subordinate Capital Appreciation Bonds*” means Subordinate Bonds which by their terms appreciate in value to a stated face amount at maturity.

“Subordinate Contract Obligations” means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts incurred pursuant to the provisions of the General Subordinate Bond Ordinance which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues, subordinate only to the lien thereon of the Senior Bonds and any Obligations. The term does not include (i) Subordinate Bonds, Subordinate Credit Facility Obligations, or Subordinate Hedge Facility Obligations; or (ii) obligations that may be treated as Operation and Maintenance Expenses under generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses).

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

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

“Subordinate Credit Facility Obligations” means repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues subordinate only to the lien thereon of the Senior Bonds and any Obligations.

“Subordinate Current Interest Bonds” means Subordinate Bonds on which interest is payable on interest payment dates prior to maturity or redemption prior to maturity.

“Subordinate Debt Service Requirements” for any period means the sum of: (i) the amount required to pay the interest on any Subordinate Bonds during such period; (ii) the amount required to pay the principal, Redemption Price or purchase price, of any Subordinate Bonds during such period, whether at stated or theretofore extended maturity, upon mandatory redemption, upon the exercise of any option to redeem or require tender of such Subordinate Bonds if the City has irrevocably committed itself to exercise such option, or by reason of any other circumstance which will, with certainty, occur during such period; and (iii) the amount of any Subordinate Credit Facility Obligations or Subordinate Contract Obligations required to be paid, and any Regularly Scheduled Hedge Payments to be made by the City with respect to any Subordinate Hedge Facility secured under the General Subordinate Bond Ordinance during such period, in each case computed as follows: (a) no payments required for any Subordinate Bonds or Subordinate Obligations which may be tendered or otherwise presented for payment at the option or demand of the owners thereof, or which may otherwise become due by reason of any circumstance which will not, with certainty, occur during such period, shall be included in any computation of Subordinate Debt Service Requirements prior to the stated or theretofore extended maturity or otherwise certain due dates thereof, and all such payments shall be deemed to be required on such stated or theretofore extended maturity dates or otherwise certain due dates; (b) except for any historical period for which the actual rate or rates are determinable and except as otherwise provided in the General Subordinate Bond Ordinance, Subordinate Bonds and Subordinate Obligations which bear interest at a variable rate shall be deemed to bear interest at a fixed annual rate equal to the prevailing rate of such Subordinate Bonds or Subordinate Obligations on the date of computation or such higher annual rate as determined to be reasonable by the Treasurer based on market conditions; provided that in any computation (i) of any applicable minimum reserve requirement set forth in a Supplemental Subordinate Bond Ordinance (except as otherwise provided therein); (ii) relating to issuing or incurring additional Subordinate Bonds or Subordinate Obligations required by the General Subordinate Bond Ordinance; or (iii) required by the rate maintenance covenant in the General Subordinate Bond Ordinance such Subordinate Bonds or Subordinate Obligations shall be deemed to bear interest at a fixed annual rate equal to (x) the average of the daily rates of such Subordinate Bonds or Subordinate Obligations during the 365 consecutive days (or any lesser period such Subordinate Bonds or Subordinate Obligations have been Outstanding) next preceding the date of computation; (y) with respect to any such Subordinate Bonds or Subordinate Obligations which are being issued or incurred on the date of computation, the initial rate of such Subordinate Bonds or Subordinate Obligations; or (z) such higher annual rate as determined to be reasonable by the Treasurer based on market conditions; (c) further, in any computation relating to issuing or

incurring additional Subordinate Bonds or Subordinate Obligations required by the General Subordinate Bond Ordinance and any computation required by the rate maintenance covenant in the General Subordinate Bond Ordinance, there shall be excluded from the computation of Subordinate Debt Service Requirements amounts which at the time such computation is made are, or are reasonably expected to be, available for and which are irrevocably committed to make such payments during such period, including without limitation any amounts in an Escrow Account and any proceeds of Subordinate Bonds or Subordinate Obligations so committed for the payment of capitalized interest, but not including any amounts on deposit in the Subordinate Bond Reserve Account; (d) any Subordinate Bonds or Subordinate Obligations which bear interest at a variable rate and with respect to which there exists a Subordinate Hedge Facility that obligates the City to pay a fixed interest rate shall be deemed to bear interest at the effective fixed annual rate thereon as a result of such Subordinate Hedge Facility for the full term of such Subordinate Hedge Facility. In the case of any Subordinate Bonds or Subordinate Obligations that bear interest at a fixed rate and with respect to which there exists a Subordinate Hedge Facility that obligates the City to pay a variable rate, Subordinate Debt Service Requirements shall be deemed for the full term of the Subordinate Hedge Facility to include the interest payable on such Subordinate Bonds or Subordinate Obligations, less the fixed amounts received by the City under the Subordinate Hedge Facility, plus the amount of the variable interest payments (using the conventions described above) to be made by the City under the Subordinate Hedge Facility; (e) the Subordinate Debt Service Requirements of any series of Subordinate Bonds or Subordinate Obligations (other than those maturing within one year of the date they are issued or incurred) which includes a maturity of such series or obligation which (i) satisfies the definition of Balloon Maturity set forth below in provision (h) of this definition and (ii) which the City designates in the Supplemental Subordinate Bond Ordinance authorizing such series or obligation shall be treated as a Balloon Maturity, unless otherwise provided in the applicable Supplemental Subordinate Bond Ordinance, shall be calculated by assuming that principal of and interest on such Balloon Maturity is to be amortized over a 30-year period, beginning on the date of issuance or incurrence, assuming level debt service payable in each year at a rate of interest equal to the actual rate of interest of such Balloon Maturity on the date of calculation, provided that if the date of calculation is within twelve months of the final due date of such Balloon Maturity, the full amount of principal to become due shall be included in the calculation unless provision (g) of this definition then applies to such maturity; (f) if all or any portion of an outstanding series of Subordinate Bonds or Subordinate Obligations constitutes Short-Term/Demand Obligations, then, for purposes of determining Subordinate Debt Service Requirements, each maturity that constitutes Short-Term/Demand Obligations shall, unless otherwise provided in the applicable Supplemental Subordinate Bond Ordinance, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Short-Term/Demand Obligations were issued or incurred, and extending not later than 30 years from the date such Short-Term/Demand Obligations were issued or incurred; the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index designated by the Manager, taking into consideration whether such Subordinate Bonds or Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any series of Subordinate Bonds or Subordinate Obligations only a portion of which constitutes Short-Term/Demand Obligations, the remaining portion shall be assumed to be paid in accordance with an amortization schedule established by the applicable Supplemental Subordinate Bond Ordinance or shall be treated as described in such other provision of this definition as shall be applicable; (g) any maturity of Subordinate Bonds or Subordinate Obligations that is designated by the City as a Balloon Maturity as described in provision (e) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Subordinate Debt Service Requirements is made, shall be assumed to become due and payable on the stated maturity date, and provision (e) above shall not apply thereto, unless the Treasurer shall file a certificate with the Clerk stating (i) that the City intends to refinance such maturity, (ii) the probable terms of such refinancing and (iii) that City has the financial ability to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Maturity shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating Subordinate Debt Service Requirements; provided that such assumption shall not result in an interest rate lower than that which would be assumed under provision (e) above and shall be amortized over a term of not more than 30 years from the expected date of refinancing; (h) for purpose of this definition: "Balloon Maturity" means, with respect to any series of Subordinate Bonds or Subordinate Obligations 50% or more of the aggregate principal amount (or stated face amount) of which is payable in any Fiscal Year, that portion of that series or obligation which matures within that Fiscal Year. For purposes of this definition, the

principal amount maturing on any date shall be reduced by the amount of those Subordinate Bonds or Subordinate Obligations required to be redeemed or otherwise prepaid prior to their stated maturity date. Similar structures with respect to commercial paper, bond anticipation notes or other Short-Term/Demand Obligations shall not be Balloon Maturities for purposes of the General Subordinate Bond Ordinance; "Regularly Scheduled Hedge Payments" means the regularly scheduled payments under the terms of a Subordinate Hedge Facility which are due absent any termination, default or dispute in connection with such Subordinate Hedge Facility; and "Short-Term/Demand Obligations" means each series of Subordinate Bonds or Subordinate Obligations issued or incurred pursuant to the General Subordinate Bond Ordinance, (a) the payment of principal of which is either payable on demand by or at the option of the owner at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Subordinate Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance or incurrence and is contemplated to be refinanced for a specified period or term either (A) through the issuance of additional Short-Term/Demand Obligations pursuant to a commercial paper or other similar program, or (B) through the issuance of long-term Subordinate Bonds pursuant to a bond anticipation note or similar program, and (b) the purchase price, payment or refinancing of which is additionally secured by a Subordinate Credit Facility; and (i) in any circumstance where the amounts required to pay Subordinate Bonds or Subordinate Obligations are uncertain and the conventions set forth above are not applicable, the Treasurer may determine such amounts based on the Treasurer's reasonable estimate of the amount of Net Revenues that will effectively be required to pay such Subordinate Bonds or Subordinate Obligations, or any combination thereof; and such determination shall be conclusive. Any such determination may take into account, without limitation, the effect of provisions requiring or permitting the netting of payment obligations and the effect on payment obligations of circumstances that are within the control of the City and are reasonably expected to occur.

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

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

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

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

"Subordinate Refunding Bonds" means any Subordinate Bonds issued to refund, pay and discharge any Senior Bonds, Subordinate Bonds, Subordinate Obligations, Junior Lien Obligations or other securities or obligations.

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

"Subordinate Variable Rate Bonds" means Subordinate Bonds issued with a variable, adjustable, convertible or other similar rate or rate period which is not fixed to maturity at the date of issue.

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

"Supplemental Junior Lien Bond Ordinance" means any ordinance of the City amending or supplementing the General Junior Lien Bond Ordinance, including without limitation any such ordinance authorizing the issuance

or incurrence (as applicable) of Junior Lien Bonds or Junior Lien Obligations hereunder, and any ordinance amendatory thereof or supplemental thereto. The Hotel Ordinance shall constitute a Supplemental Junior Lien Bond Ordinance.

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

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

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

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

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

* * *

APPENDIX 2

PROPOSED AMENDMENTS TO THE BOND ORDINANCE

*The amendments to the Bond Ordinance that have been proposed but not yet adopted are set forth below. These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the remaining Proposed Amendments, if any, may eventually be adopted. The Company has consented to these amendments. The purchasers of all Senior Bonds issued by the City in 2000 and thereafter have likewise been deemed to have consented to the Proposed Amendments. **The Proposed Amendments are shown in blackline.***

DEFINITIONS — SECTION 102 A.

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

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

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

(47) “Minimum Bond Reserve” means (i) so long as any Bonds issued prior to August 1, 2000 are Outstanding, the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding, and (ii) if no Bonds issued prior to August 1, 2000 are Outstanding, an amount equal to the lesser of (A) the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding or (B) 125% of the average annual aggregate Bond Requirements on the Bonds then Outstanding; provided that if no Bonds issued prior to August 1, 2000 remain Outstanding, the Minimum Bond Reserve may be reduced to the maximum amount which is permitted to be capitalized for such purpose from the proceeds of such Bonds under then current law in order to maintain the exclusion from gross income for federal income tax purposes of interest on such Bonds; and provided further that no Minimum Bond Reserve shall be required for any Short-Term/Demand Obligations. With respect to any series of Bonds, 25% 50% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it shall be assumed for purposes of determining the Minimum Bond Reserve that ~~(i) such~~ ^{(x) such} series of Bonds matures over a ~~twenty~~ ^{thirty}-year term date from its date of issuance, ~~(ii) bears~~ ^{(y) bears} interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined shall not be less than the actual rate or

rates borne by such series of Bonds, and ~~(iii) is~~ (z) is payable on a substantially level annual debt service basis assuming the rate so determined.

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

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

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

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

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

(b) either (i) an Independent Accountant’s certificate to the effect that Net Revenues in the two most recent completed Fiscal Years, after the revenues covered by the Manager’s request are excluded, were at least equal to the larger of (A) the amounts needed for making the required deposits to the credit of the several subaccounts in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account, or (B) an amount not less than 135% of the average Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such revenues; or (ii) an Airport Consultant’s certificate containing the estimates required by Section 704B, to the effect that, based upon reasonable assumptions, projected Net Revenues for each of the three full Fiscal Years following the Fiscal Year in which such certificate is delivered, after the revenues covered by the Manager’s certificate are excluded, will not be less than the larger of (A) the amounts needed for making the required deposits to the credit of the several subaccounts in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account, of (B) an amount not less than 150% of the average Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such revenues;

(c) an opinion of Bond Counsel to the effect that the exclusion of such revenues from the definition of Gross Revenues and from the pledge and lien of this Instrument will not, in and of itself, cause the interest on any outstanding Bonds to be included in gross income for purposes of federal income tax; and

(d) written confirmation from each of the Rating Agencies to the effect that the exclusion of such revenues from the pledge and lien of this Instrument will not cause a withdrawal or reduction in any unenhanced rating then assigned to the Bonds.

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

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

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

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

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

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

assumed to be paid in accordance with any amortization schedule established by the Supplemental Ordinance setting forth the terms of such Bonds or shall be treated as described in such other provision of this definition as shall be applicable.

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

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

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

OTHER PROVISIONS

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

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

A new Section 709 is to be added as follows:

Section 709. Contract Obligations.

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

A New Section 806 is to be added as follows:

Section 806. Loan Agreements for Special Facilities Bonds.

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

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

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

A new Section 1106 is to be added as follows:

Section 1106. Notice to Ratings Agencies.

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

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

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

OTHER CHANGES

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

* * *

APPENDIX H
PROJECT CONSULTANT REPORT

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Report of the Project Consultant

regarding proposed issue of
Denver Great Hall LLC

Revenue Bonds (Denver International Airport Great Hall Project),
Series 2017

Prepared for:
Denver Great Hall LLC

Prepared by:
ICF
Cambridge, MA

October 16, 2017

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October 16, 2017

Maria Clemente de la Torre
V.P. Finance and Human Resources
Great Hall Partners
24735 East 75th Avenue
Suite 100
Denver, CO 80249

Re: Report of the Project Consultant: Prepared for Denver Great Hall LLC

Dear Ms. Clemente de la Torre:

This Report develops the market, project analysis, and financial projections used to develop the business plan for the Great Hall Project, proposed as part of the improvements of the Jeppesen Terminal at Denver International Airport.

This Report is being delivered pursuant to ICF's engagement by Denver Great Hall LLC pursuant to which ICF was engaged to provide certain assistance to Denver Great Hall LLC in connection with the pre-development agreement period, the refinement and expansion of the model business plan for the concession development and management plan (CDMP) for the Great Hall Project, certain commercial strategy and branding, and the preparation and delivery of the Report.

ICF hereby certifies that this Report was prepared utilizing standards of care normally exercised by professional consulting firms in performing comparable services under similar conditions. In the events where the methodologies applied had to be adjusted to the specificities of this project, it has been done by experienced professionals in the relevant areas and to the best of their knowledge and care.

The forecast and projections presented in this Report include our interpretation of information provided by the City of Denver, Denver International Airport, publically available sources and other third-party sources. ICF was under no duty to and has not undertaken to independently verify information provided by the City of Denver or by other parties involved in this transaction, and as such, makes no assurances as to the accuracy of any such information; expectations of future management actions, and assumptions regarding economy, legislation, project operation and financial operations, among other aspects, all of which have been discussed with and agreed to by Denver Great Hall LLC. This Report does not cover the analysis of the Development Agreement ("DA") or the Design & Construction Contract ("D&C Contract"). The references to these agreements are merely descriptive.

The Report, including this letter and attachment, documents our interpretation, expectations and assumptions as of the date of the Report, and should be read in its entirety.

However, any forecast is subject to uncertainty, which may lead to actual results substantially different from the forecast results presented in this Report. This Report is provided on an as-is basis with no warranty of any kind, other than the diligence and standard of care described herein. ICF makes no warranty, nor does anyone acting on behalf of ICF, regarding the achievability of the forecast presented in the Report.

EXCEPT AS EXPRESSLY SET OUT ABOVE, NO WARRANTY, WHETHER EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE IS GIVEN OR MADE BY ICF IN CONNECTION WITH THIS REPORT. OTHER THAN IN RESPECT OF (I) BOND INVESTORS AND (II) ANY PARTY TO WHOM RELIANCE HAS BEEN EXPRESSLY GRANTED IN WRITING OR OTHERWISE (INCLUDING, FOR THE AVOIDANCE OF DOUBT, THE UNDERWRITERS) IN



WHICH CASE, IN RESPECT OF THE PARTIES IN (II), THE TERMS OF SUCH AGREEMENT OR CONTRACT SHALL GOVERN, ICF IS NOT LIABLE FOR ANY DAMAGES OF ANY KIND ATTRIBUTABLE TO ANY THIRD PARTY'S USE OF THIS REPORT. EXCEPT IN CASES OF FRAUD, GROSS NEGLIGENCE, WILLFUL MISCONDUCT AND RECKLESSNESS, THE LIABILITY OF THE CONSULTANT SHALL BE LIMITED TO THE AMOUNTS SET FORTH PURSUANT TO THE TERMS OF THE ENGAGEMENT LETTER WITH ICF.

Respectfully submitted,

ICF

ICF

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Attachment

Background, Assumptions, and Rationale
for the Financial Forecasts

Denver Great Hall LLC

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Glossary¹

Term	Definition
Agreement or Development Agreement	Development Agreement (“DA”), executed by the Owner and Developer, including any and all Appendices and amendments
AGTS	Automated Guideway Transit System, also known as the People Mover, a contained transit system for moving passengers between locations within the airport, in particular for this project from the Jeppesen Terminal to concourses A, B and C
Airside Plaza	Portion of the Jeppesen Terminal that will be converted from Landside space to Airside space through the Great Hall Project
Airside Space	Areas of the airport located past security, accessible to only ticketed passengers or approved airport or airline employees
Ancillary Revenue	Non-fare related airline revenue includes fees for baggage, reservations and cancellations, early boarding, premium seating, onboard retail and hotel and car rental commissions
CAGR	Compound Annual Growth Rate
Commercial Program	The collective concessions available throughout the airport, including retail, food and beverage and duty-free units.
Commercial Revenue	Rents paid by vendors to the commercial concession operator, usually in the form of a percentage of commercial sales
Commercial Sales	Gross sales collected by vendors occupying commercial space at an airport
Concession	The right to develop and operate a business to sell any Merchandise within the Concessions Space at any time during the Concessions Operating Period, subject to the terms and conditions set forth in the applicable Sub-Concession Agreement and the Agreement
Concessions Operating Period	The period commencing on the Functional Area Readiness Date of the first Concessions Functional Area to achieve Functional Area Readiness and ending on the Termination Date
Developer	Denver Great Hall LLC, a limited liability company organized under the laws of Delaware, and its permitted successors and assigns
Dwell Time	The time a passenger spends in the airport before boarding an aircraft for departure
Enplan	Enplaned passengers
FAA	Federal Aviation Administration
Gateway Airport	The first point of arrival in the United States for international passengers
Great Hall	The commercial areas within the redeveloped Jeppesen Terminal
Great Hall Project	The proposed plan for redevelopment of the Jeppesen Terminal, including Level 6 landside space, and the new Level 5 Airside Plaza and Meeter/Greeter areas
Gross Regional Product (GRP)	One of the several measures of the size of a region’s economy, GRP is the market value of all final goods and services produced within a metropolitan area in a given period
Holdrooms	Airport waiting areas for passengers before boarding
Hub and Spoke Network	An airline network designed around large hubs of service and flights that connect to one another and smaller markets
Jeppesen Terminal	A shortened version of the Elrey B. Jeppesen Terminal – a 1.5 million square foot space that includes passenger ticketing, baggage claim, ground transportation, international arrivals processing, shops, restaurants, office areas, TSA security checkpoints and access to the Automated “people mover” that connects the Terminal to Concourses. The Terminal does not include any aircraft gates.
Landside Space	Areas of the airport located outside security, accessible to anyone, not just ticketed passengers
Large Hub	Airports that enplane at least 1.0 percent of total annual US passenger enplanements (FAA)
Low Cost Carrier (LCC)	A LCC typically offers few amenities and lower fares than network carriers and often minimizes the number of aircraft types operated in order to lower costs
Meeter/Greeter Space	Area of the airport where arriving passengers can meet relatives and acquaintances, outside of the secured area
Metropolitan Statistical Area (MSA)	A formal definition of metropolitan areas established by the Office of Management and Budget, a division of the U.S. Government
MOD’s	Periods of modification during construction
Network Carrier	A carrier that operates a hub-and-spoke route structure with more amenities than low cost-carriers Typically offers multiple classes of service; also known as a “legacy carrier”

¹ The defined terms of the Agreement are included in Appendix 1 attached thereto and includes terms not defined here



Term	Definition
Owner	City and County of Denver, a municipal corporation of the State of Colorado, through and on behalf of its Department of Aviation, in its capacity as owner of the Project and the Terminal Improvements, and any entity succeeding to the powers, authorities and responsibilities of the Owner invoked by or under the Contract Documents "Owner" excludes the Building Official and the Fire Marshal
O&D Passengers	A measure of passenger volume based on point of origin or final destination, regardless of stops or changes of planes during a trip
O&M Segment Operating Period	With respect to an O&M Segment, the period (a) commencing on the earlier of the applicable Functional Area Readiness Date and the Project Substantial Completion Date; and (b) ending on the Termination Date
O&M Segments	(a) the Terminal Improvements within the O&M Limits following the earlier of the applicable Functional Area Readiness Date and the Project Substantial Completion Date, and (b) the remaining portions of the Terminal within the O&M Limits following the Project Substantial Completion Date
O&M Services	All work related to the operation, management, administration, maintenance, repair, preservation, modification, reconstruction, rehabilitation, restoration, renewal and replacement of the O&M Segments (or any portion thereof), including Renewal Work, Compliance Work, Planned Maintenance and Developer's O&M Interface Obligations, but excluding the Owner O&M Obligations and the Excluded O&M Services
O&M Services Plan	The plan to be developed and implemented by Developer in accordance with Section III.5.1 of the Technical Requirements
Passenger Capacity Threshold	27.7 million originating passengers at the Airport
People Mover	A contained transit system for moving passengers between locations within the Airport, also referred to as the Automated Guideway Transit System (AGTS)
Project Envelope	The entire footprint of all areas in which construction for the Great Hall Project will take place.
Project Operating Period	The period starting on the Project Substantial Completion Date and ending on the Termination Date
Project Substantial Completion	The occurrence of all events and satisfaction of all conditions set forth in Section 5.10.2 of the Agreement, as and when confirmed by the Owner's issuance of a Certificate of Project Substantial Completion in accordance with the procedures and within the time frame established in Section 5.10.2 of the Agreement
Project Substantial Completion Date	The date upon which Developer achieves Project Substantial Completion
Sales per Enplaned Passenger	(\$/Epax or SEP) A measure of how much each passenger, on average, spends on concessions, or a type of concession
Seat Costs	The per seat cost to an airline of operating a specific flight
Space Density	(S.F./1k Epax) A relative measure of the amount of space provided within a concession program
Space Productivity	(\$/S.F.) A measure of sales volume per square foot of commercial space provided
SPV	Special Purpose Vehicle
Sub-Concession Agreement	With respect to a Concession, a sub-concession agreement entered into by the Developer and the relevant Concessionaire and approved by the Owner (to the extent required by the Technical Requirements) in accordance with Appendix 5-A of the Agreement, pursuant to which Developer sub-grants to the Concessionaire a right to develop and operate a Concession on the terms and conditions set forth therein
Termination Date	(a) The date of expiration of the Term; or (b) if applicable, the Early Termination Date
Term	The period commencing at Financial Close Date and ending on the 34th anniversary thereof
Ultra-Low Cost Carrier (ULCC)	A type of low cost carrier operating a business model with extreme unbundling of services.

1. OVERVIEW AND KEY FINDINGS

1.1 Introduction and Approach

Denver Great Hall LLC (“Great Hall Partners”, “GHP”, the “Developer” or the “Client”) is a consortium comprised of Ferrovial Airports and S/JLC LLC (a joint venture between Saunders Construction Inc. and JLC). Denver Great Hall LLC retained ICF (“ICF”) as Project Consultant for the Great Hall Project (“Great Hall Project” or the Project”) at Denver International Airport (“Denver”, the “Owner” or “DEN” or the “Airport”). The Project is a collaboration between the Great Hall Partners and the City of Denver (“City”). The Report of the Airport Consultant (“Report”) is provided in connection with issuance by the Public Finance Authority of Wisconsin of Revenue Bonds, referred to as the “Series 2017 Bonds”.

The Great Hall Project represents the redesign and redevelopment of the existing Jeppesen Terminal at Denver International Airport by GHP, on behalf of and in coordination with the City. The Developer will carry out the design and construction of the Project. During construction, the Airport will pay a portion of development costs through progress payments. The remaining portion of the development costs as well as the operating costs during the operations phase of the concession will be recovered by the Developer through the following revenue streams: Firstly, once construction is completed, GHP will operate and manage the commercial areas within the Jeppesen Terminal under a long term concession agreement with the City. DEN will retain 80% of the commercial revenue, while GHP will retain the remaining 20%. Secondly, the Airport will pay an annual supplemental payment during the concession period which will be paid to GHP on a monthly basis. This supplemental payment will consist of two components: one related to operational expenditures and another related to capital expenditures. The supplemental payment will come from the junior lien of the City and County of Denver Airport System Fund revenue waterfall. More details on these payments are provided in section 10.2

This report presents a summary of the analysis, modeling and projections developed by the Project Consultant in concert with our Client. Elements of this report were used by our Client in the development of its business plan for the Project. This report presents the structure of Denver Great Hall LLC, the cost and phasing of the Project, analyzes the Project’s potential revenues and expenses, and estimates the Project’s financial performance and ability to support the debt service associated with the proposed Series 2017 Bonds.

This report is divided into several key sections. After this introductory section, ICF presents an overview of the Great Hall Project, its sponsors and structure of GHP (Chapter 2). The following three chapters (Chapters 3 through 6) present the Great Hall Project concept, demand for the Project, and assessment of the existing commercial program currently operating at the Airport. The next three chapters (Chapters 7 through 9) develop the approach used by ICF and GHP to develop the business plan, projecting revenues, operating expenses and the capital costs of the Project. The final chapter (Chapter 10) presents the resulting financial projections developed through our work on behalf of the Client.

1.2 Report Limitations

ICF relied on information from a variety of published sources that it believes to be reliable as the basis of this study, including data from the Client, U.S. Department of Transportation (“DOT”), the Federal Aviation Administration (“FAA”), the Official Airline Guide (“OAG”), Innovata Airline Schedules (“Innovata”), Airport Revenue News (“ARN”), information provided by Denver International Airport management regarding operating and financial performance, agreements and development plans for the Airport. ICF also used commercial information obtained from other U.S. airports, as well as general industry information and surveys, Denver financial records, airport planning documents and other documents provided by the Client and its consultants.

To estimate project costs, design plans and phasing, operating costs, and debt service requirements, ICF relied on information provided by the Client and its consultants. For the sake of clarity, the Client provided estimates on operation, maintenance, and staff expenses while ICF developed independent assumptions for other expenses. ICF has reviewed and evaluated these assumptions in compiling this Report. In addition, ICF did not conduct a legal review of the agreements between our Client and the City, or engineering contracts or performance guarantees.

ICF’s opinions are based upon historical trends, performance data from other US airports and expectations of Client performance that it has reviewed and evaluated and believes are reasonable. Some of the underlying assumptions, which are detailed explicitly or implicitly elsewhere in this report, may or may not materialize because of unanticipated events or circumstances. ICF’s opinions could vary materially should any key assumption prove to be inaccurate.

1.3 Key Findings of the Great Hall Partners Business Plan

1.3.1 Innovative P3 Structure

The Project represents a unique, first of its kind, public-private-partnership transaction. GHP will redesign and redevelop the Jeppesen Terminal to modernize the space and address some of the current design challenges. The Owner will retain responsibility for operating the airline portions of the terminal, but transfer, through concession, the operating rights to the commercial areas of the Great Hall to the Developer. The Developer will hold operating rights to the commercial areas of the Great Hall for a period of less than 34 years, as assigned in the Agreement (the term of which is 34 years from financial close). The Owner will continue to operate the concourse areas of the Airport, and be responsible for future improvements. The Great Hall Program will expand the existing commercial space at the Airport by 37,646 square feet or an increase of 21% and at the Great Hall by 130%

Exhibit 1-1: The Great Hall Project –Expansion of Commercial Space



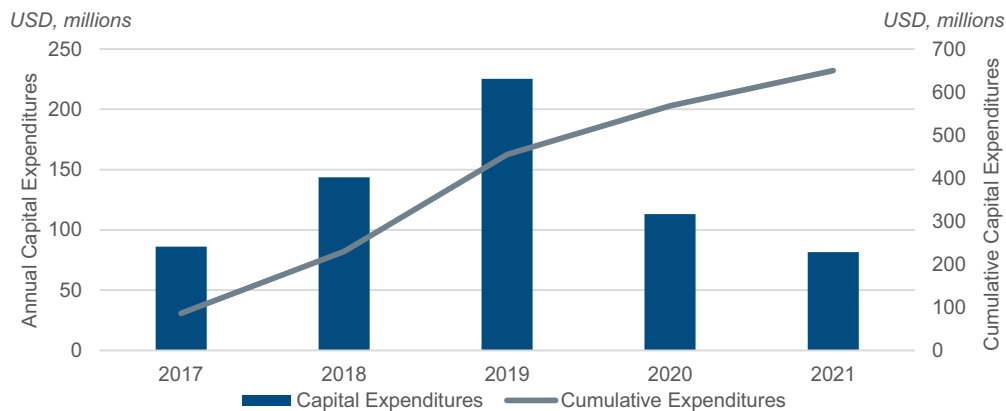
Concession Type	Square Feet.
Existing	
Food and Beverage	107,221
Retail	42,955
Duty Free	1,057
Total	151,233
Total After Great Hall Project	
Food and Beverage	139,025
Retail	71,685
Duty Free	4,084
Total	214,794

Source: Developer, Airport Revenue News, ICF

1.3.2 Business Structure

The Developer will develop build finance operate and manage (DBFOM) the Project. The Jeppesen Terminal will be redeveloped at a total construction cost of \$650 million in nominal price (\$637.4 million in 2016 prices). The costs are planned to be spread between 2017 and 2021, with the majority of expenses occurring in 2018 and 2019. The Project’s expected completion date, marking the opening of all commercial space in the Great Hall, is November 2021. Once open, the Developer will pay the Owner 80% of the revenues generated from the Great Hall. The Developer will pay the operating costs and financing obligations from the remainder of Commercial Revenues and annual supplemental payments (paid on a monthly basis) by the Owner.

Exhibit 1-2: Great Hall Project Construction Costs (2017-2021, in nominal prices)



Source: Developer

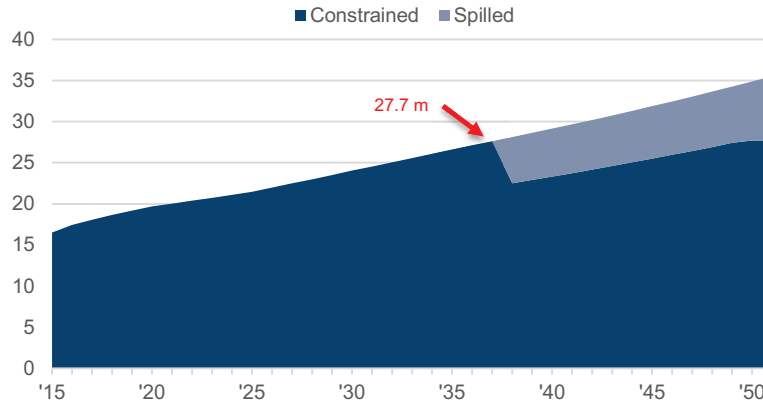
1.3.3 Commercial Revenue

The Developer has designed a best-in-class commercial program for the Great Hall which will greatly improve the commercial offerings and the passenger experience at the Airport. The commercial program will offer a broad range of retail, food and beverage, duty free, and services to better satisfy the needs of the passengers. As a result, the Great Hall program is anticipated to pay for the required operating and debt service costs for the Developer operated portions of the Jeppesen Terminal. This assertion is based on the following factors.

1.3.3.1 O & D Passenger Traffic

The Great Hall exposure is to O&D Passengers only (connecting traffic does not affect this project). The Great Hall's location within the Jeppesen Terminal means that all Origin & Destination (O&D) passengers will be exposed the Project and most will be exposed to both the landside and airside areas. Although ICF developed an independent traffic forecast, the Owner and the Developer have agreed to use the Owner's (public) traffic forecast for the Base Case. The Owner's forecast is more conservative. Each forecast included estimates of those passengers who will not transit through the Airside area of the Great Hall. The underlying socio-economics of the Denver region provides the basis for strong passenger growth in the future and underpins demand for this project. However, the agreed upon Passenger Capacity Threshold² of 27.7 million O&D enplanements flowing through the Great Hall limits the passenger volumes used for modeling purposes.

Exhibit 1-3: DEN O&D Projected Enplanements with Spill Due to Passenger Cap (in Millions)



Source: ICF

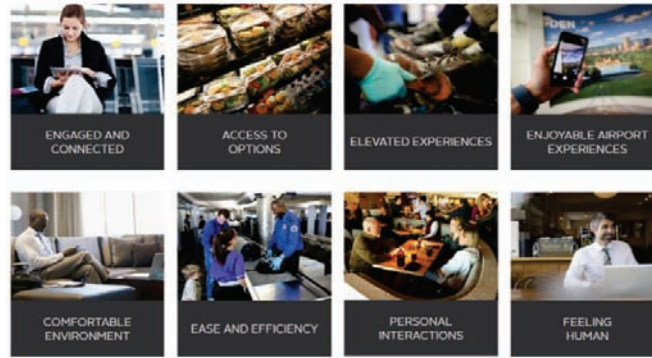
1.3.3.2 Passenger Demographics

Denver has one of the fastest growing major economies in the US. Passengers from Denver's area (Denver-Aurora-Lakewood Metropolitan Statistical Area) possess highly attractive attributes representing a greater potential commercial spend given more commercial offerings. Denver passengers tend to be younger, more highly educated, more frequent travelers, and have a higher dwell time than the national average³. In addition, the US Census estimated the Denver area's population growth at 2.8 percent in 2015, the fastest growing large city in America. Colorado overall also ranks in the top 10 among states for expected population and GDP growth. These attributes suggest the ability to generate more revenue from commercial activities. Colorado's population and economy have grown faster than the US averages, and are expected to continue their superior performance.

² Passenger Capacity Threshold is the agreed upon level of originating passengers that trigger a compensation event whereby the Owner opens and operates a new terminal which will divert passengers from the Great Hall.

³ 2013 Denver International Airport Survey

Exhibit 1-4: Denver Airport Passenger Attributes



Source: Denver International Airport

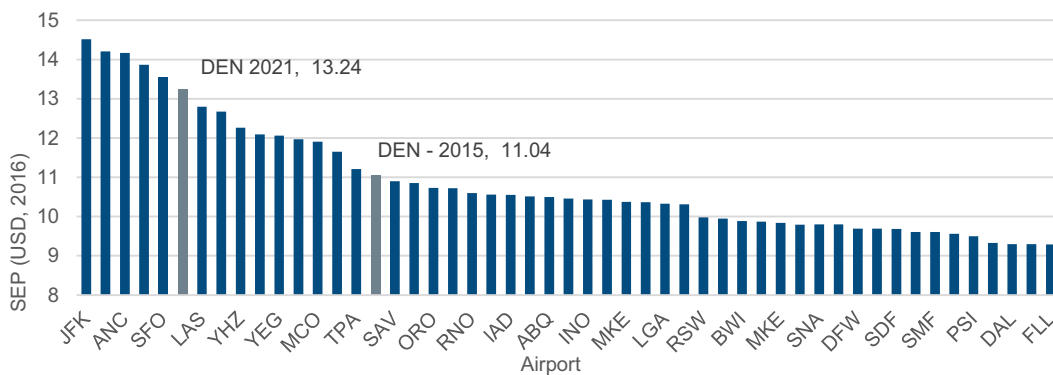
1.3.3.3 Commercial Offerings

The Developer has designed the Great Hall to maximize commercial revenues through its mix of commercial offerings. ICF determined that the existing commercial program is significantly undersized, such that demand will quickly absorb the new commercial space, resulting in more productive units. Due to the nature of the space, the Developer designed the airside elements of the space to be oriented more towards retail and provide a range of national/international, local/regional, and proprietary/non branded offerings.

1.3.3.4 Commercial Spend Rates

Upon completion of the Project, Denver will have one of the leading commercial programs for a US airport. When completed, the Great Hall will be an important revenue generating element of the Airport. However, due to the nature of the concession, ICF needed to estimate the sub-segment of commercial revenue generated by the Great Hall as a standalone entity. ICF accomplished this by analyzing passenger spend rates at US airports and adjusting these based on the performance of airports having similar commercial space characteristics to the Great Hall. ICF used this analysis to develop dilution factors which limit passenger spend rates in the Great Hall. Using this approach, ICF developed estimates for the Great Hall gross sales per enplanement that are within the range of what best-in class airports have been able to realize within the US. As shown in Exhibit 1-5, Denver generated a total commercial spend rate of \$11.04 in 2015. Once the Great Hall project is in place (and other expansion in the concourses is completed in 2021), Denver will generate \$13.24 in commercial sales per enplaned passenger. However, the Great Hall is a subset of the total commercial spend and is estimated to generate \$3.35 per O&D enplaned passenger in the first year of operation.

Exhibit 1-5: Benchmarking of Total Food & Beverage, Retail and Duty Free Spend Rates (2015)



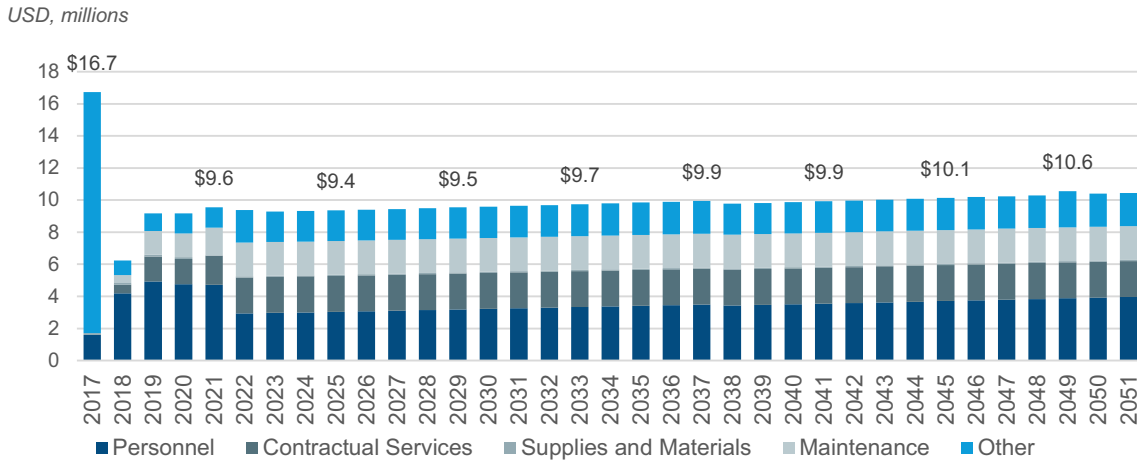
Note: 2021 is an ICF estimate
Source: ARN, ICF

1.3.3.5 O&M Cost Structure

The Developer will operate and maintain certain areas of the Great Hall (O&M Limits). The Developer will assume all costs and expenses related to providing O&M service for such areas (Contractual Services and

Maintenance categories in Exhibit 1-6). ICF has projected operating costs (on a real basis) for the Great Hall project as follows:

Exhibit 1-6: Great Hall Projected Operating Costs, 2017-2051 (in real 2016 prices)



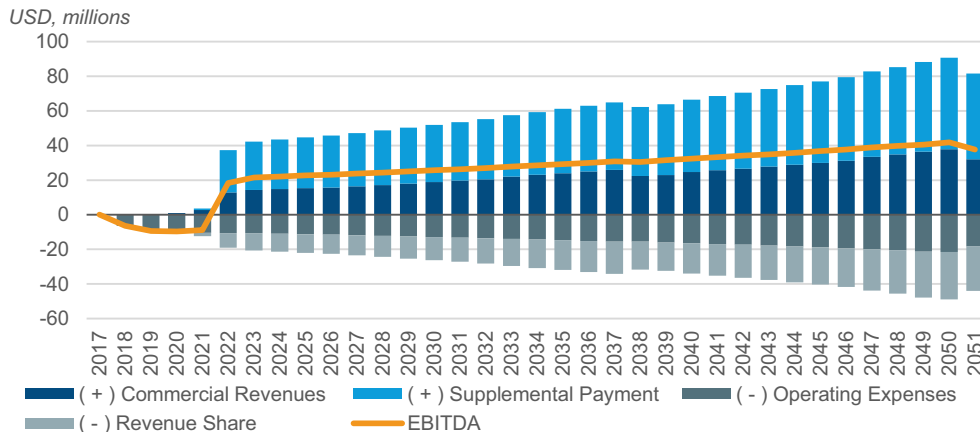
1.3.3.6 The Great Hall Operating Cash Flows

Project Performance: The earnings before interest, taxes, depreciation, and amortization (EBITDA) projections for the Developer shows steady growth following the opening of the all proposed commercial space through the year 2051. Despite expectations of sales dilution in the Great Hall due to proposed concourse expansion and the construction of a new terminal, the transaction structure balances these factors to maintain steady EBITDA growth and an average EBITDA margin of 48.5% from 2022-2051.

Net commercial revenues (gross commercial revenues less the revenue share paid to the Owner) are 15% of the total operating cash sources through the Concession Operating Period. The remaining 85% is linked to annual supplemental payments paid (on a monthly basis) by the Owner to the Developer. This strong, consistent performance represents a stable source of cash across the Great Hall.

Additionally, the Developer has arranged an attractive cost structure through the Concession Operating Period that will keep the operating expenses stable through the projections. The Developer will enter into contracts with future O&M providers to whom it will shift risk and performance requirements for operating the applicable areas of the Great Hall. Another element of ongoing expenses (marketing and common area charges) are directly passed on to vendors in the Great Hall. ICF and the Developer do not expect the final large portion of expenses, staff costs, to experience volatility through the course of the projections.

Exhibit 1-7: Great Hall EBITDA Projections, 2017-2051 (in nominal prices)



Source: ICF



2. THE GREAT HALL PROJECT

2.1 Project Description

Denver Great Hall LLC (“Great Hall Partners”, “GHP”, the “Developer” or the “Client”) is a consortium comprised of Ferrovial Airports and S/JLC LLC (a joint venture between Saunders Construction Inc. and JLC). The Developer will design, build, finance, operate and maintain (DBFOM) certain areas of the Great Hall within the Jeppesen Terminal at the Airport. The Jeppesen Terminal is currently the only entry point for all departing and arriving (O&D) passengers at the Airport, and the only area where passenger security screening is performed.

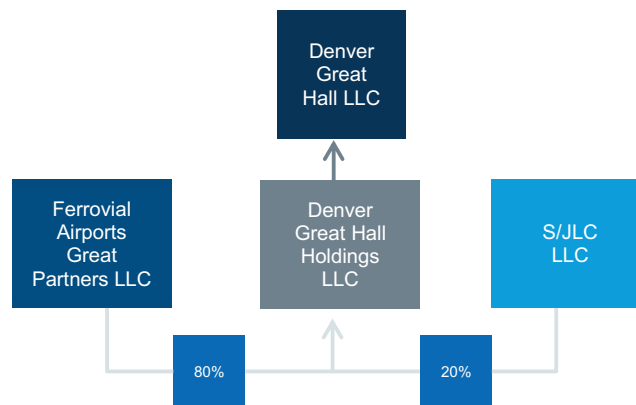
As part of the Project, the Developer will renovate and reconstruct levels 5 and 6 of the Great Hall, as well as work in Level 4 and Level 3. Levels 5 and 6 include airline counters, check-in, security and commercial areas covering both landside and airside. Level 4 and 3 include work in vertical circulation, office spaces for computer monitoring facilities and goods delivery and screening area. The renovation will also require coordination with other capital projects planned within the project envelope. The renovation process will occur in 4 phases over a 50 month period from the start of detailed design to the opening of the Great Hall. Once construction is complete, the Developer will operate the commercial elements of the terminal. The term of the development contract is 34 years from the date of financial close.

2.2 Project Sponsors and Scope of Responsibilities

The Developer’s ownership is 80% by Ferrovial Aeropuertos and 20% by a joint venture which is comprised of Saunders Construction Inc. (5%) and JLC (Loop Capital + Magic Johnson Enterprises) (95%); the S/JLC joint venture.

The Developer will be responsible for end-to-end delivery and coordination of the Project, including all phases of construction, procurement, concessions management and maintenance. The Developer will be the party with the overall contract with the Owner.

Exhibit 2-1: Denver Great Hall LLC Organizational Structure



Source: The Developer

Additional parties to the development and operation of the GHP are as follows:

Design Build Joint Venture (DBJV):

Obligations under the contract with the SPV will be fully assumed by Ferrovial Agroman West, LLC, which will be accountable for design and construction works. Ferrovial Agroman West, LLC will contract with the SPV to deliver a final design and redevelop the terminal. Ferrovial Agroman West, LLC will be accountable until the final sign-off of the construction. However, the Design and Construction works will be carried out by Ferrovial Agroman (70%) and Saunders Constructions (Saunders) (30%). Ferrovial Agroman West, LLC has entered into an agreement with a joint venture entity formed by Ferrovial Agroman and Saunders pursuant to which such joint venture entity will undertake the design and construction work required to be undertaken by The Ferrovial Agroman West, LLC on a back to back basis, subject only to certain different limitations on liability and liquidated damages applicable as between such joint venture entity and The Ferrovial Agroman West, LLC, which will be higher in the contract entered into between the Developer and The Ferrovial Agroman West, LLC. The joint venture is owned 30% by Saunders and 70% by Ferrovial Agroman. Such arrangement does

not diminish, alter or change the obligations of The Ferrovial Agroman West, LLC pursuant to the design-build contract with the Developer.

O&M Phase:

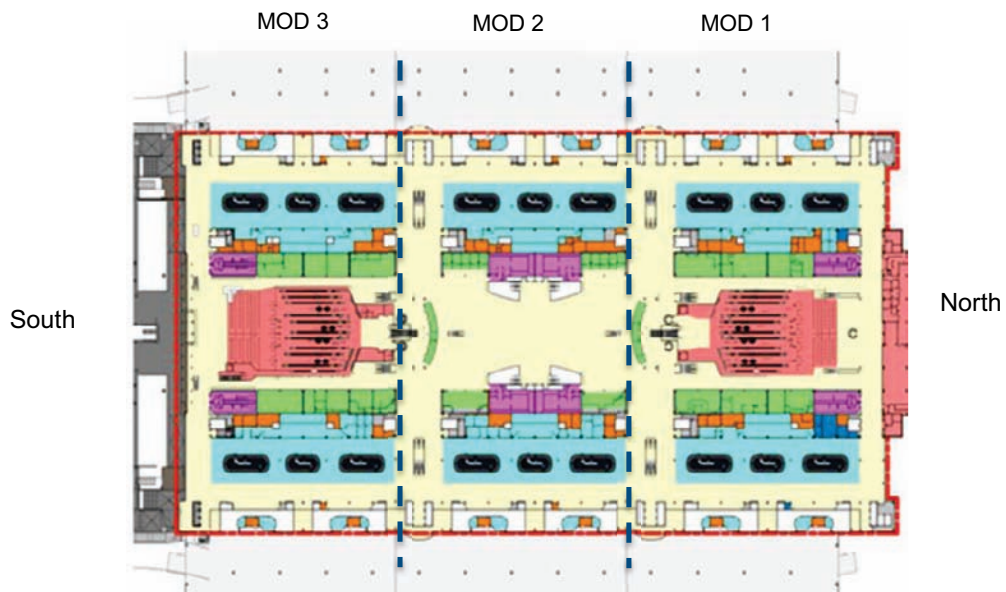
The Developer will carry out the operations and maintenance of the infrastructure (within the O&M limits) once each phase of the construction is complete.

2.3 Existing Great Hall Facilities

Exhibit 2-2: Existing Jeppesen Terminal - Level 6 Layout



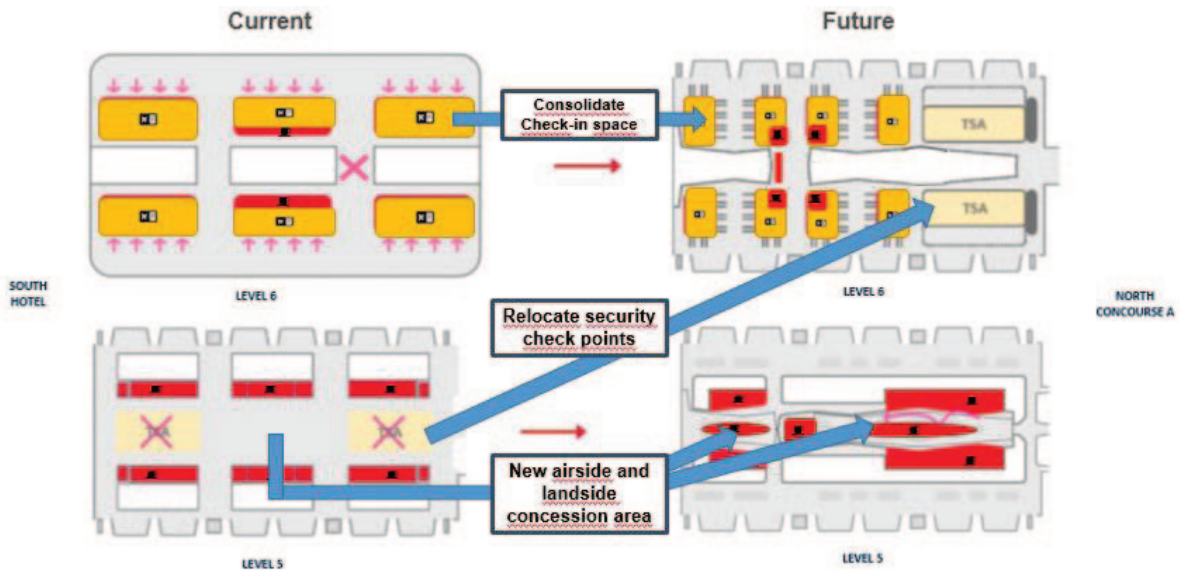
Exhibit 2-3: Existing Jeppesen Terminal - Level 5 Layout



Source: The Developer

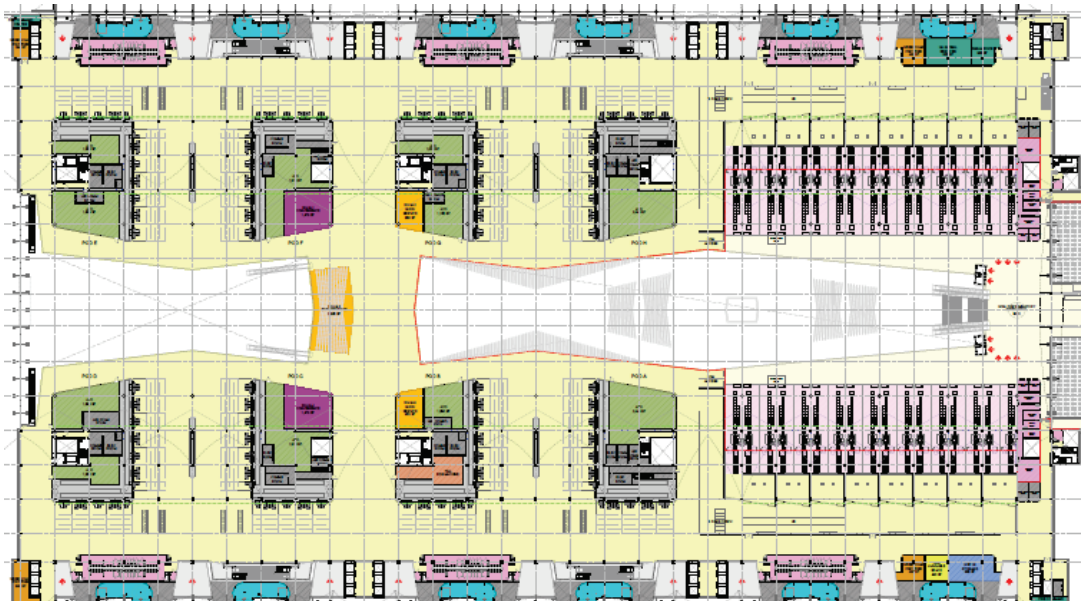
2.4 Changes in the Layout before and after the Great Hall redevelopment

Exhibit 2-4: Layout of the Great Hall before and after the redevelopment



2.5 Great Hall Project Layout

Exhibit 2-5: Proposed Great Hall Level 6 Layout

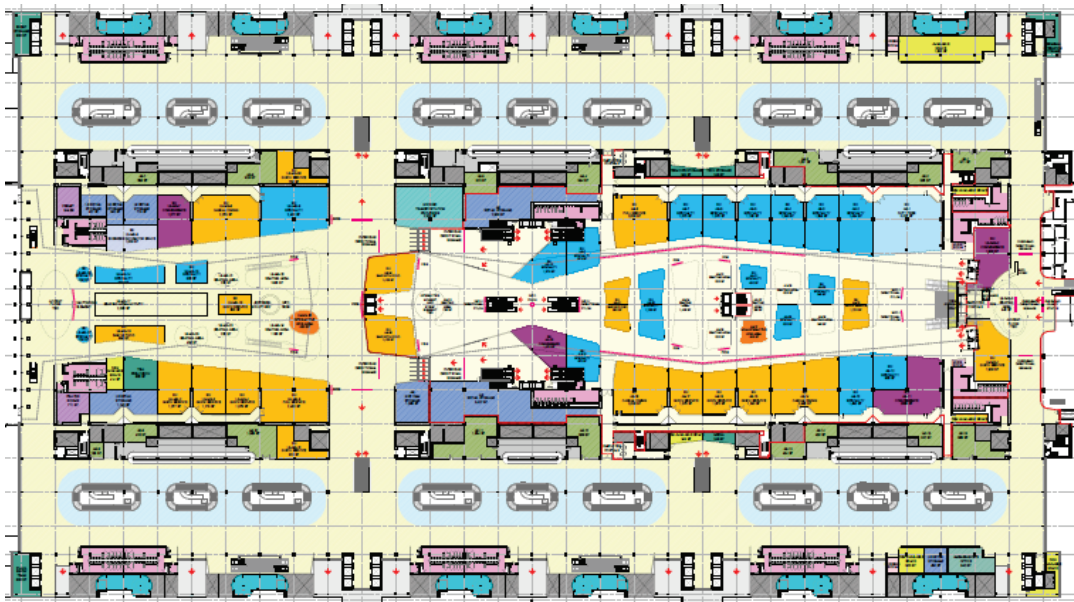


AOB Corridor
(see below)

Proposed Concourse A Bridge Expansion - Level 6 Airport Office Building (AOB)



Proposed Great Hall - Level 5 Layout (the "Airside Plaza")



Source: The Developer

2.6 Project Phasing and Cost

Redevelopment of the Great Hall comprises of three major elements:

- ▶ Relocation of TSA from its current location on Level 5 to Level 6;
- ▶ Renovation of the current airline ticketing space and consolidation of that space from the current three MODs (MOD means each of the three segments in which the Terminal is divided from South to North, currently occupied in Level 6 by a line of check-in desks) layout to two MODs; and,
- ▶ Renovation of the existing Level 5 space to a revitalized retail experience.

All of these phases will have an impact on terminal operations. In addition to these three major phases, construction also includes an expansion on Level 6 on either side of the existing corridor from the terminal out to the A Concourse. This addition is limited to a portion of the sections that goes from the Terminal up to the Airport Office Building (AOB) in the current TSA Checkpoint area.

To construct the elements of the Great Hall Project with the least amount of disruption to the passenger and to terminal operations, renovation of the airline ticketing areas will be completed first. This will reduce the construction footprint for each area from 3 periods of modifications (MODs) to 2 and will create the space necessary for the relocation of TSA from Level 5 into the vacated airline ticketing space in MOD 1. Once TSA has been relocated, Level 5 will be vacant and will allow for the construction of new retail facilities.

The Developer designed a construction program that was segmented into four primary phases:

- ▶ Phase 1 – MOD 2 East and West – Levels 4, 5, and 6
- ▶ Phase 2 – MOD 3 East and West – Levels 5 & 6
- ▶ Phase 3 – MOD 1 East and West – Levels 5 & 6
- ▶ Phase 4 – MODS 1 & 3 – Level 5 – Level 6 Bridges

Each phase is described in further detail below.

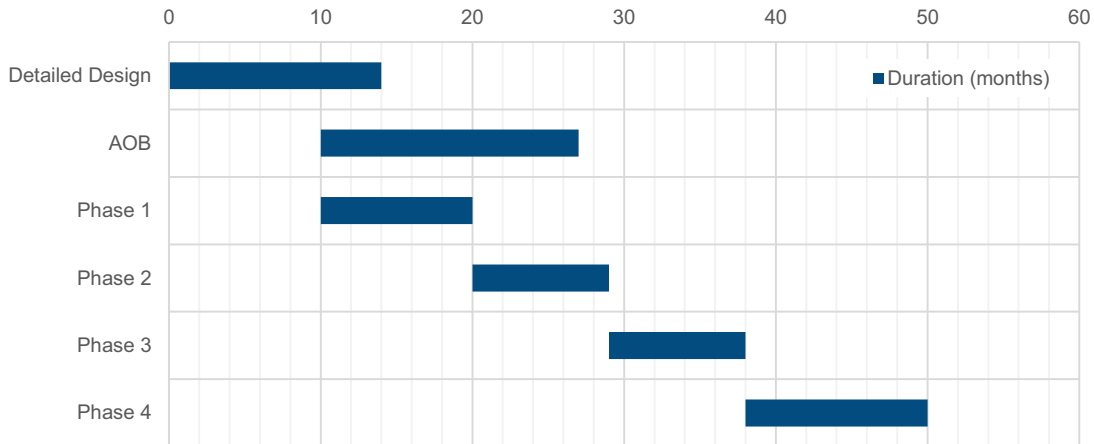
Exhibit 2-6: Detailed Phasing of the Great Hall Project

Phase 1 – MOD 2 East and West – Levels 4, 5, and 6	Phase 2 – MOD 3 East and West – Levels 5 & 6	Phase 3 – Mod 1 East and West – Levels 5 & 6	Phase 4 – MODS 1 & 3 – Level 5 – Level 6 Bridges
<ul style="list-style-type: none"> Demolition of existing facilities Expansion of Level 6 floor slab to accommodate the new airline ticketing layout Level 5 floor demolition between grid lines W2 and W3 on the west side and E2 and E3 on the east side to allow installation of the new support beams and columns to support Level 6 floor slab extension Perimeter construction for the new Level 5 to 6 escalators, and new restrooms on both levels 5 and 6 Construction of a portion of the new Level 6 crossover bridge between grids N11 and N12 Structural modifications to allow installation of the new vertical transportation elements from Level 5 to the AGTS boarding platform on Level 4 Removal of the two escalators going up to Level 6 at the two crossover bridges Buildout of the new airline ticketing operations on Level 6 Buildout of the new commercial spaces on Level 5 AOB Corridor construction Relocation of the CMF facility, currently in MOD 3E Level 6 	<ul style="list-style-type: none"> Demolition of existing facilities Expansion of Level 6 floor slab to accommodate the new airline ticketing layout Level 5 floor demolition between grid lines W2 and W3 on the west side and E2 and E3 on the east side to allow installation of new support beams and columns to support Level 6 floor slab extension Perimeter construction for the new Level 5 to 6 escalators, and new restrooms on both levels 5 and 6 Removal of escalators along N11 line on the east and west side of the terminal Buildout of the new airline ticketing operations on Level 6 Replacement of two escalators on the south end of the terminal AOB Corridor construction 	<ul style="list-style-type: none"> Demolition of existing facilities Expansion of Level 6 floor slab to accommodate the new airline ticketing layout Structural enhancement of the current brace frame construction on Level 5 and 6 to allow removal of Level 6 north south bracing structure through the new TSA checkpoints. Level 5 floor demolition between grid lines W2 and W3 on the west side and E2 and E3 on the east side to allow installation of new support beams and columns to support the Level 6 floor slab extension Perimeter construction for the new retail/office spaces and restrooms on both levels 5 and 6 Removal of escalators along N21 line on the east and west side of the terminal Buildout of the TSA security checkpoints Demolition of existing escalators between Level 5 and 6 at the north end of the terminal 	<ul style="list-style-type: none"> Demolition of existing facilities Addition of extended north crossover walkway on Level 6, and installation of escalators, elevators, and stairway down to Level 5 Demolition on the existing north bridge Demolition of the existing south bridge and construction of the new south bridge with escalators Closure of the existing departing AGTS entrance points and addition of new elevators and stairway from Level 5 to AGTS train platform Buildout of the new retail spaces on Level 5 Construction of new goods delivery elevator and hallway Renovation of existing Level 6 drive isles on both east and west side of the terminal Construction of new Level 6 to 5 escalator in the AOB corridor Level 6 curbside renovation Goods delivery

Source: The Developer

Exhibit 2-5 below is a simplified diagram of the phasing of the Project. The AOB bar represents construction activity relating to the new Level 6 cross over bridge that extends beyond the date of the opening of the ticketing modules and commercial spaces in MOD 2 represented by the Phase 1 bar.

Exhibit 2-7: Phasing Schedule - Months since Commercial Close



Source: DBJV

Note: Additional detail can be found in Appendix Exhibit "Project Phasing and Timing"

3. DEMAND FOR THE GREAT HALL PROJECT

3.1 Introduction

One of the key work streams for the Project Business Plan was to estimate the volume of passengers who will flow through the commercial areas of the Airport. The passenger volumes directly affect the sizing and capital cost of the Project, the ability to generate revenue, and the magnitude of operating costs – all inputs to the Project business plan. So, on behalf of the Developer, ICF developed a Great Hall passenger traffic forecast from 2017 to 2051 (see sections from 3.3 to 3.5). However, the traffic forecast developed by the Owner was slightly more conservative. The Developer and the Owner agreed to use the Owner's traffic forecast as Base Case (section 3.6).

The Great Hall Project scope is limited to the Jeppesen Terminal therefore O&D passengers will be exposed to the Great Hall Project, while connecting passengers will not be. ICF developed a secondary forecast in order to estimate the number of passengers who touch the Airside Plaza (i.e. excluding those passenger that are expected to walk to Concourse A via the bridge on Level 6) and represent possible consumers in that area of the Hall.

What follows in this section is ICF's consideration of underlying Denver market conditions, our forecast methodology, our passenger forecast for Denver, for the Great Hall and the agreed Base Case passenger forecast. Following the outline of ICF's forecast, a summary of the Owner's forecast is also presented. As noted above, it is the Owner's more conservative forecast that was ultimately used in the Base Case business analysis.

3.2 Existing Denver Traffic Conditions

3.2.1 Market Profile

Denver International Airport is classified by the Federal Aviation Administration as a Large Hub Airport⁴ located approximately 25 miles northeast of the city of Denver, Colorado. As of December 2016, Denver was the 6th largest airport within the United States, handling over 26 million annual enplanements.

Exhibit 3-1: U.S. Airport Rankings by 2016 Enplanements⁵

Rank	Airport	Code	CY 2016 Enplanements (000's)	Share of National Enplanements
1	Hartsfield - Jackson Atlanta	ATL	52,045	6.12%
2	Los Angeles	LAX	40,556	4.72%
3	Chicago O'Hare	ORD	37,298	4.54%
4	Dallas/Fort Worth	DFW	32,800	3.82%
5	John F Kennedy	JFK	30,284	3.53%
6	Denver	DEN	29,140	3.38%
7	San Francisco	SFO	26,410	3.09%
8	Las Vegas	LAS	23,754	2.73%
9	Seattle	SEA	22,796	2.64%
10	Charlotte	CLT	22,174	2.61%
Subtotal Top 10			317,257	37.18%
Other Large Hubs			292,128	35.49%
Large Hub Subtotal			609,385	72.55%
Medium Hub Subtotal			128,372	15.60%
Small Hub Subtotal			68,095	8.27%
Non-Hub and Other Subtotal			28,451	3.46%
Total			834,303	100.00%

Source: Airport Websites, Bureau of Transportation Statistics and DOT T100.

All airports are reliant upon their local markets to generate passenger traffic, and serve the underlying demand for air travel. Denver supports a strong local market of origin and destination ("O&D") passengers⁶, comprised of local Denver area residents and visitors to the region who come from business or leisure reasons. O&D

⁴ Large Hubs are airports with over 1% of the United States annual passenger enplanements in a given year.

⁵ Note: Passenger numbers for the top 10 airports are based on full year traffic as reported by the airports. Other subtotals are based on YE Q3 2016 from the US DOT.

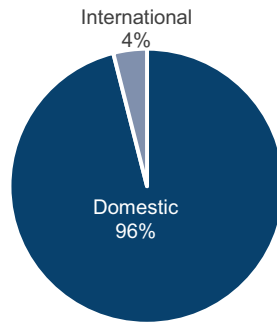
⁶ Origin and Destination (O&D) is a measure of a passenger numbers based on point of origin or final destination, regardless of stops or changes of planes during the trip.

passenger demand at an airport is closely correlated to economic growth, and therefore local economic conditions can significantly impact traffic growth.

As a connecting hub, Denver plays an important role within the US national air transportation system. Several airlines use Denver as a hub within their respective route networks. In 2016, 36.5% of all passengers at Denver were connecting.⁷ This makes Denver’s annual total (O&D + connecting) traffic growth dependent not only on the local economy and local demand for air travel, but also on broader national and international market demand. Since the Airport represents a relatively large share of the total national aviation system activity, ICF’s expects Denver’s long-term total passenger growth will track closely the U.S. national growth rates for air travel. However, it should be noted that connecting traffic is not relevant for the Great Hall Project.

Denver’s passenger traffic is highly concentrated towards domestic routes: 96% of all passengers at the Airport in 2016 were domestic travelers.⁸

Exhibit 3-2: Onboard Passenger Shares, By Segment (CY 2016)



Source: Denver International Airport

Given Denver’s geographic location in the Western portion of the country, Denver International Airport has not been developed as an international gateway in the same way as a number of large coastal US airports. In contrast, Denver’s location supports an extensive domestic network. Analysis of airline schedules from April 2017 reveal 146 domestic destinations served compared to 20 international markets.⁹ While United Airlines’ presence at Denver makes the Airport a valuable hub for Star Alliance airlines, this dominance also limits the presence of other foreign airlines. After United, Denver’s next two largest carriers, Southwest and Frontier, focus largely on domestic travel (though both airlines do operate international flights).

⁷ Denver International Airport Traffic Reports

⁸ Denver International Airport Traffic Reports

⁹ OAG Airline Schedules. Note - This schedule does not account for seasonal routes.

Exhibit 3-3: Nonstop International Destinations from Denver, April 2017



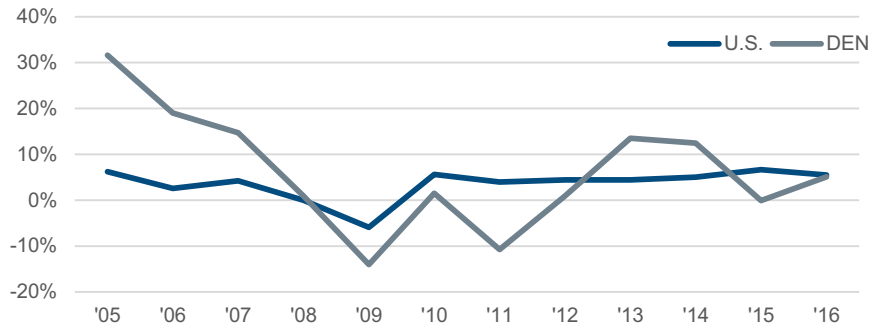
Source: SRS Analyzer, April 2017. Does not show seasonal routes.

Denver's current international markets are concentrated within North America, offering service to six cities in Canada and seven in Mexico. Outside of North America, Denver has limited long haul service to Europe and only Tokyo to the West. However, ICF expects additional international markets to open as new aircraft technologies, such as the Boeing 787 and Airbus A350, make smaller international markets more viable. These new aircrafts have significant operational improvements that lower operating costs per seat. Historically only the largest passenger jets have been capable of flying the longest international routes, requiring significant local traffic demand in order to provide sufficient financial returns for airlines. However, the newest generation of aircraft, which are becoming more prevalent in airline fleets around the world, allow for fewer seats on longer trips while also lowering the per seat costs of long trips. This makes smaller origin and destination markets more economically viable. As these new generation aircraft become more common in airline fleets, Denver is likely to be considered for nonstop service on additional international routes. United Airlines, Denver's largest carrier, currently operates 32 Boeing 787s with an additional 24 on order. United also has 35 Airbus A350 on order.¹⁰ These new generation aircraft will open additional possibilities for long-haul services from Denver.

In 2017, at least three new international services will be added at Denver. Norwegian Air Shuttle announced the launch of new non-stop service to London Gatwick in September, Copa Airlines announced the launch of new non-stop service to Panama City and United announced the launch of non-stop service to Cozumel, Mexico. Panama City and Cozumel will each begin service in December 2017. United Airlines has also announced the launch of seasonal service between DEN and London (LHR) beginning in March 2018. That route will be flown on a Boeing 787. Also in 2018, Norwegian has announced it will offer new non-stop service to Paris and Swiss carrier Edelweiss has announced it will offer twice weekly seasonal service to Zurich, Switzerland. Each new route is significant for Denver. Norwegian Air Shuttle will be the first European based low cost carrier ("LCC") to launch service to Denver. Long-haul LCCs have grown significantly over the past five years in the trans-Atlantic markets. The new service to London Gatwick and Paris will offer opportunities for increased international O&D travel. Copa Airlines operates a network carrier business model. Copa is part of the Star Alliance, along with United. The Panama City flight will present significant opportunities for passengers to connect at Denver and will offer Denver O&D passengers more onward connections to Latin American markets through Copa's hub in Panama City. United's new service to London demonstrates the potential of the newest generation of aircraft to connect Denver with other major markets.

¹⁰ CAPA Fleet Database.

Exhibit 3-4: International Passenger Growth Rates, DEN vs. U.S. (2005- 2016)



CAGRs	2005-10	2010-16	2005-16
U.S. Intl.	1.2%	5.0%	3.3%
DEN Intl.	3.8%	3.2%	3.4%

Source: U.S. DOT T100, Denver International Airport

Note: 2016 U.S. data reflects growth through Q3 2016

Over the 11 year period from 2005 to 2016, Denver’s international passenger growth rate paralleled that of the United States overall average of 3.3%.¹¹ The majority of the Airport’s growth occurred from 2005-2010, when despite the recession of 2008-2009, United Airlines built its international service to Munich⁶, Tokyo Narita and a number of destinations within Mexico.¹² At the same time, other carriers expanded seasonal routes to Mexico and the Caribbean. However, international traffic growth was less robust between 2010 and 2016, a slowdown attributed to a reduction in international service from Frontier and Air Canada. Air Canada has since relaunched service to Toronto and Montreal.¹³ Other notable new international routes include flights to Monterrey, Mexico by Volaris¹⁴ and Belize City by Southwest.¹⁵ In 2016 international traffic was up by 5.1% from 2015.

3.2.2 Market Demographics

The Denver - Aurora Metropolitan Statistical Area (MSA) is comprised of 10 counties in central Colorado. The Census Bureau estimated 2016 population in the MSA at approximately 2.9 million, making Denver the 19th largest MSA in the country.

¹¹ Source: US DOT T100

⁶ Service to Munich was removed in 2008 before being restarted by Lufthansa in May 2016.

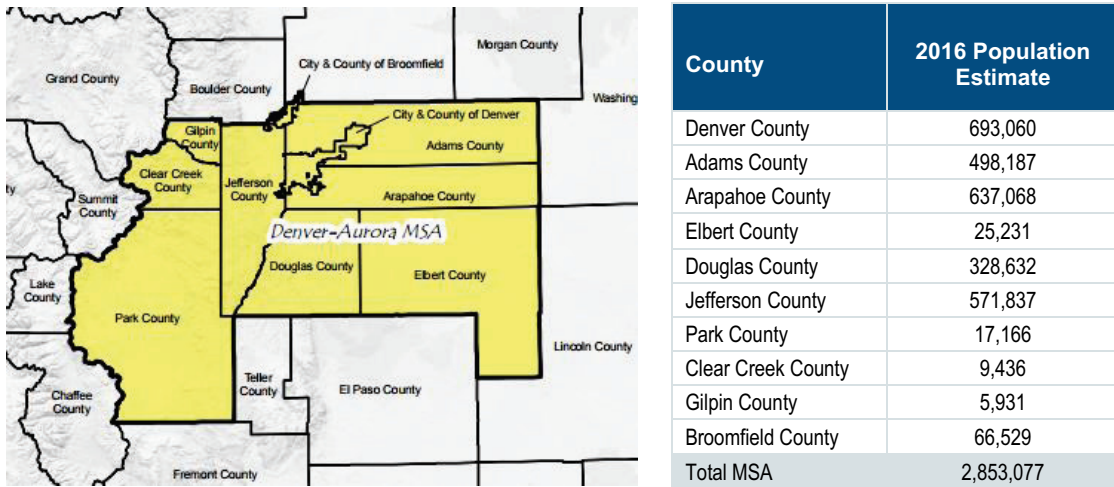
¹² OAG Schedules

¹³ OAG Schedules

¹⁴ Started December 2016

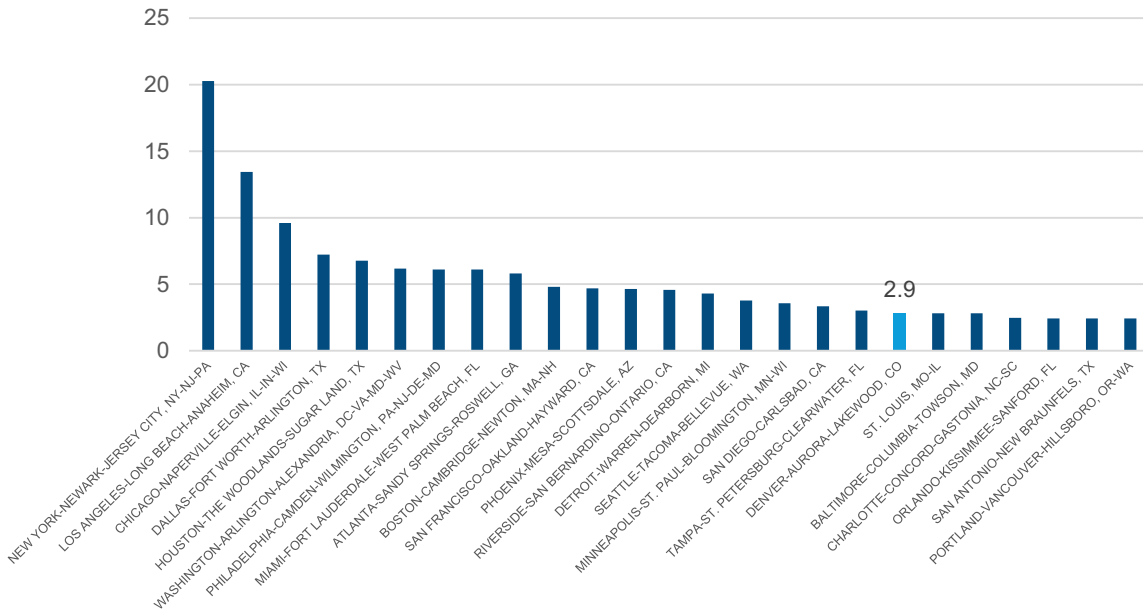
¹⁵ Started March 2017

Exhibit 3-5: Denver-Aurora Metropolitan Statistical Area and 2016 Population, by County



Source: United States Census Bureau

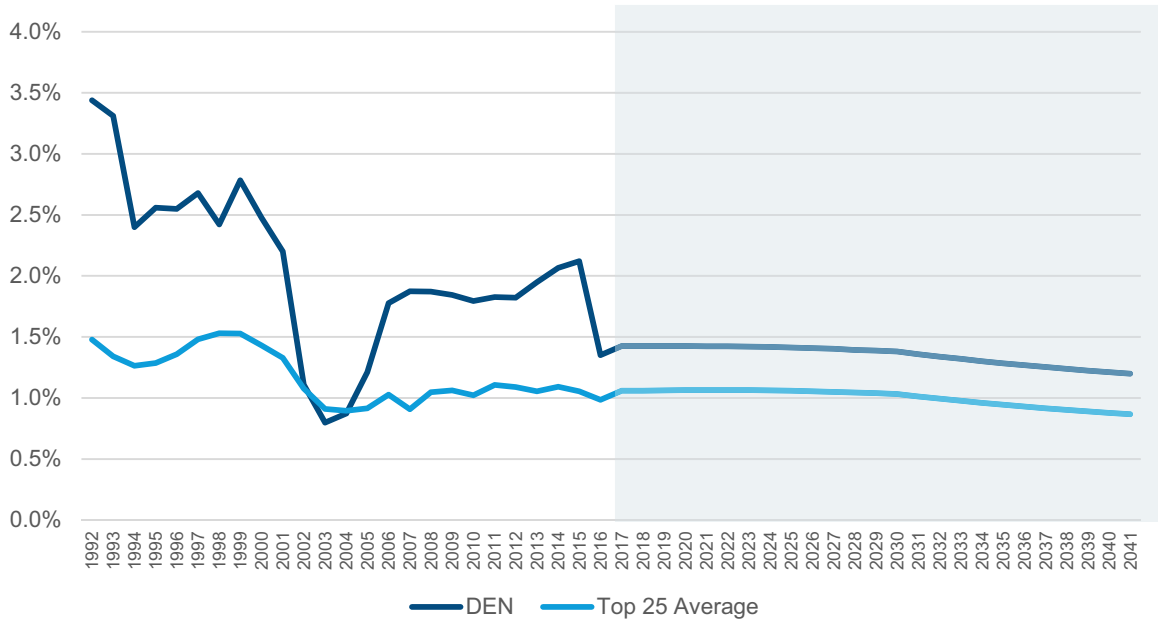
Exhibit 3-6: Top 25 US MSA Population, 2016 (millions)



Source: Woods & Poole Economics Inc.

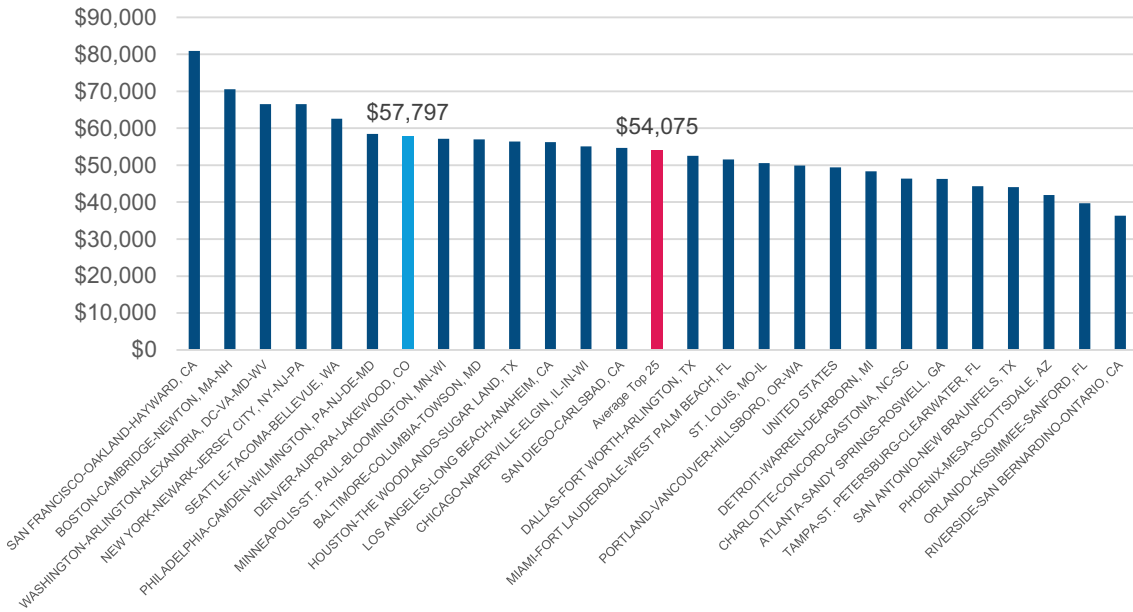
The population in the Denver region has consistently grown faster than comparable city regions over the past 25 years, a trend that is expected to continue going forward. The region’s population has grown at an average rate of 1.8% per year, well ahead of both the national average and the average among the nation’s largest MSAs. Per capita incomes in Denver exceed the average across the countries’ other large MSAs, demonstrating the strength of the growing economy in Denver. The Denver MSA currently ranks number 7th in the country in terms of per capital income and is forecast to remain in the top 10 among the nation’s largest MSAs going forward. From 2007 to 2017, per capita income grew at an average annual rate of 2.5% in Denver, slightly ahead of the average for large MSAs, which grew at 2.2% annually over the same period. Projected per capita income growth over the next 25 years will keep Denver within the top 10 MSA’s throughout this period. Overall, Denver’s demographic performance has been superior to the US average, as well as its peer group – and this trend is expected continue well into the future, meaning that the underlying drivers of O&D passenger demand is expected to remain strong over the long term.

Exhibit 3-7: Annual Population Growth, Denver MSA vs Top 25 MSA Average, 1992-2041 (historical & projected)



Source: Woods & Poole Economics Inc.

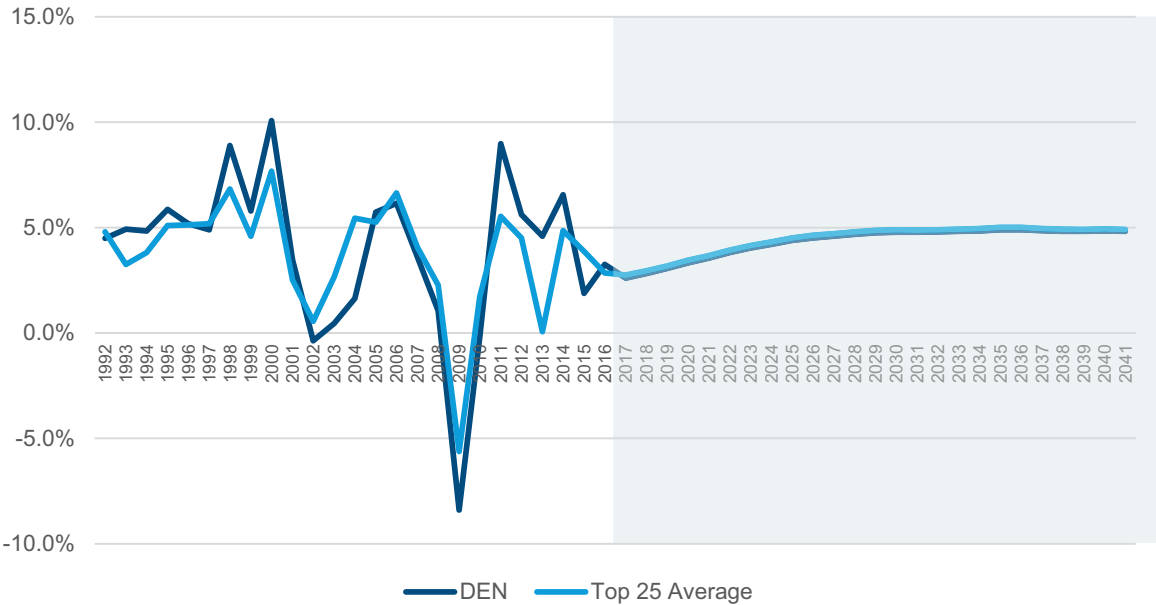
Exhibit 3-8: Per Capita Income - Top 25 MSAs by Population (2016)



Source: Woods & Poole Economics Inc.



Exhibit 3-9: Annual Per Capita Income Growth, Denver MSA and Average Top 25 MSAs 1992-2041 (forecast)



Source: Woods & Poole Economics Inc.

3.2.3 Airline Service at Denver

Denver is dominated by three airlines – United Airlines, Southwest Airlines and Frontier Airlines. These airlines comprise approximately 84% of overall traffic at Denver in 2016.¹⁶ United was by far the leading carrier with over 24 million passengers in 2016, accounting for over 40% of the Airports’ annual total. United served 131 destinations from Denver in April 2017, more than twice as many as the next largest carrier, Southwest. The majority of United’s passengers using Denver were connecting passengers.

¹⁶ Denver International Airport

Exhibit 3-10: DEN Total Passengers by Carrier (CY 2016)

Carrier	Passengers (millions)	Share	O&D Passengers (millions)	Share	Destinations ¹⁷	Connecting Passengers (millions)	Share of Connecting Passengers
United	24.5	42.0%	10.0	27.0%	131	14.5	68.3%
Southwest	17.1	29.3%	12.6	34.0%	59	4.5	21.3%
Frontier	7.1	12.2%	5.4	14.6%	38	1.7	8.1%
American	3.3	5.7%	3.3	8.9%	7	0.0	0.0%
Delta	3.0	5.1%	2.9	7.8%	9	0.1	0.6%
Other	3.3	5.6%	2.9	7.8%	42	0.4	1.7%
Total	58.3	100%	37.1	100%	286	21.3	100%

Source: Denver International Airport and SRS Analyser

Southwest and Frontier – both LCCs – are the second and third largest carriers, respectively, at Denver. LCCs have risen in prominence in the US domestic market over the past 25 years. Southwest is currently the third largest domestic carrier in the United States behind only American and Delta.¹⁸ Denver is an important airport for Southwest. It is the fourth largest station in Southwest's network with over 190 daily departures in April 2017. For many years, the carrier was exclusively a domestic airline. However, recently Southwest added international service to destinations in Mexico and the Caribbean and currently serves four international destinations from Denver to Mexico and Belize. Additional international destinations are also accessible on Southwest from Denver via stops.¹⁹

Frontier Airlines is based in Denver and continues to be the carrier's largest airport operation. In 2016, Frontier accounted for over 7 million passengers and more than 12% of the Airports' total traffic.²⁰ Frontier has moved to transform its business model to an Ultra-Low Cost Carrier (ULCC) model. ULCCs are considered a subset of the LCC category, but have additional focus on lowering base fare and increasing ancillary revenue. Ancillary revenues are products and services airlines charge customers in addition to the cost of the airfare, such as assigned seating, checked bags or in-flight food and beverages. This transition to the ULCC model has impacted the carrier's network. As a result, Denver has seen significant fluctuations in Frontier service since 2014. The most recent development was a summer 2017 announcement from Frontier that the airline will launch 21 new routes from DEN beginning in the fall season.²¹ These new routes have not been included in the base case traffic forecast.

American Airlines and Delta Airlines represent the fourth and fifth largest carriers, respectively, at Denver. Each airline carried over 5% of passengers at Denver in 2016.²² Both airlines operate at Denver exclusively to feed passengers to their hub airports. Spirit, Alaska, JetBlue, Virgin America, Allegiant and Sun Country also provide domestic service at Denver. Lufthansa and British Airways represent the largest foreign flag carriers at the Airport. Other international service include Air Canada, Aeromexico, Volaris and Icelandair as of April 2017.²³

3.2.4 Role of Airline Hubs at Denver

Airlines often design route networks around hub and spoke points in order to gain economies of scale and additional onward connecting possibilities for passengers. This is particularly true for larger, legacy airlines such as United. However, LCCs such as Southwest have grown, creating connecting services similar to hubs. Airport hubs may not be the formal design of the LCC business model but nonetheless help LCCs achieve efficiencies. There are only a handful of airports in the U.S. that support multiple airline hubs and Denver is one of them. Denver supports the hub operations of United Airlines, Southwest Airlines, and to a lesser extent Frontier Airlines. This fact underscores the importance of Denver as a strategic asset within the U.S. air transportation system. Denver is the newest large hub airport constructed in the U.S. Its central geographic

¹⁷ As of April 2017. Includes destinations duplicated across carriers

¹⁸ US DOT

¹⁹ OAG Schedules

²⁰ Denver International Airport Traffic Reports

²¹ The Denver Post, July 18, 2017

²² Denver International Airport Traffic Reports

²³ OAG Schedules

location allows Denver to support connections between major population centers on the east and west coasts, and its system of 6 runways (allowing 4 simultaneous departures and arrivals) represent critical aviation capacity in the U.S.

United Airlines has been the dominant carrier at Denver for more than 25 years. The airline utilizes Denver as a key connecting hub within its network, together with Chicago O'Hare, Houston Intercontinental, Newark and San Francisco.²⁴ Geographically, Denver represents an important hub in United's network, helping to facilitate east-west domestic traffic flows, facilitating connections for customers in the Great Plains and Mountain regions, and serves as a centrally located international gateway for partners in the Star Alliance. United accounts for over 40% of Denver's total traffic and approximately two-thirds of the Airport's connecting traffic. The airline operates all flights in and out of Denver Concourse B.²⁵

United Airlines was the only airline to sign a long term lease agreement with the Airport when the facility first opened in 1995. The airline signed a 30-year lease at the time, committing to Denver through 2025. In 2014, the airline signed a lease extension through 2035, showing the continued long term commitment to the market.²⁶

Southwest Airlines is less reliant on a network hub structure and instead operates its flights on a more point to point or one-stop basis. However, the airline has grown to be one of the largest in the country through several mergers.²⁷ Due to its significant size, Southwest operates a hub-like structure of airports within its network. Of these "hub" airports, Denver is particularly important. Along with Chicago Midway, Las Vegas and Baltimore/Washington, Denver is one of the largest airports in Southwest's network. Like United, Southwest utilizes Denver to help facilitate east-west passenger flows.

Denver is Frontier Airlines largest station. However, the airline's changing business model over the past three years has made the airline's position at Denver less definite. Following Frontier's transition to a ULCC model, the airline initially sought to decrease its network reliance on Denver as a hub. The change in network strategy focused on shifting aircraft and flights to serve more point to point routes. This reduced the need for a central hub and led to a de-emphasis on frequencies at Denver. In June 2014, Frontier served Denver with 70 destinations and over 116,000 departing seats per week. One year later, Frontier had reduced service to 46 destinations and reduced weekly seats by more than 40%.²⁸ The airline's management stated publicly that Denver's high operating costs and placing less emphasis on connecting markets encouraged them to remove service from the Airport.²⁹ In April 2015, Frontier announced that network reductions at Denver had been completed. Since then, Frontier has showed a renewed interest in the market. In 2016, the airline added services and seats back into the Airport. While still below 2014 levels, year-over-year seat capacity increased over 8% from 2015 to 2016.³⁰

ICF does not believe that any of the current hub carriers, United, Southwest or Frontier, will fundamentally change its use of their Denver hub operations. Historically, hub closures in the U.S. have been driven by sustained losses coupled with small local traffic bases. Neither of these conditions applies to the airline's operations at Denver. United and Southwest are particularly unlikely to abandon their hub operations as both airlines are well established in the market. For Frontier, Denver continues to be by far the largest airport in the airline's network and the location of the airline's headquarters. Given these trends and local connections, ICF does not believe Frontier will abandon Denver as its top market in the near future.

In the event that one of these airlines did draw down their Denver hub, ICF believes other domestic carriers would likely step in and replace service. In a highly competitive domestic market, opportunities to gain market share in major metropolitan areas are limited. Given the strong local O&D market, lack of capacity constraints and Denver's strategic location far from other major US hub airports, Denver offers an attractive expansion opportunity for competing airlines should one of Denver's hub carriers reduced air service.

²⁴ United Airlines

²⁵ Denver International Airport

²⁶ Denver International Airport, Press Release, August 19, 2014

²⁷ Southwest Airlines

²⁸ OAG schedules

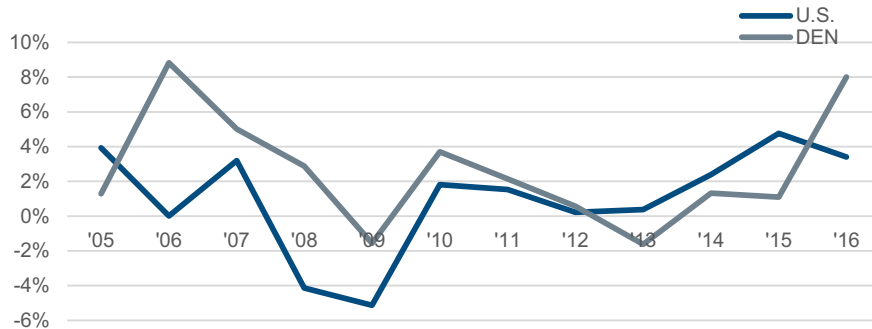
²⁹ CAPA Aviation News

³⁰ Denver International Airports Traffic Reports

3.2.5 Historical Denver Trends

Denver’s domestic traffic has grown faster than the U.S. as a whole over the last ten years.

Exhibit 3-11³¹: Comparison of Domestic Growth Rates: U.S. vs. DEN (2005-2016)



CAGRs	2005-10	2010-16	2005-16
U.S. Domestic	-0.9%	2.2%	0.8%
DEN Domestic	4.0%	1.9%	2.8%

Source: Denver International Airport and US DOT T100

Southwest entered the Denver market in 2006 and spurred significant passenger traffic growth at the Airport.³² Nationally, traffic growth slowed mid-decade as the U.S. airlines suffered from high fuel costs and felt the impact of the 2007-8 recession. While Denver was less impacted than the nation during this period, the Airport felt the effects of airline consolidation. During the past decade, Delta Air Lines merged with Northwest Airlines, United Airlines merged with Continental Airlines, Southwest Airlines merged with AirTran Airways and American Airlines merged with US Airways.

Since 2013, Denver has seen significant domestic growth. A slight reduction in growth in 2015 can be attributed to the shifting network strategy of Frontier, but was followed by robust growth in 2016.

³¹ US DOT T100

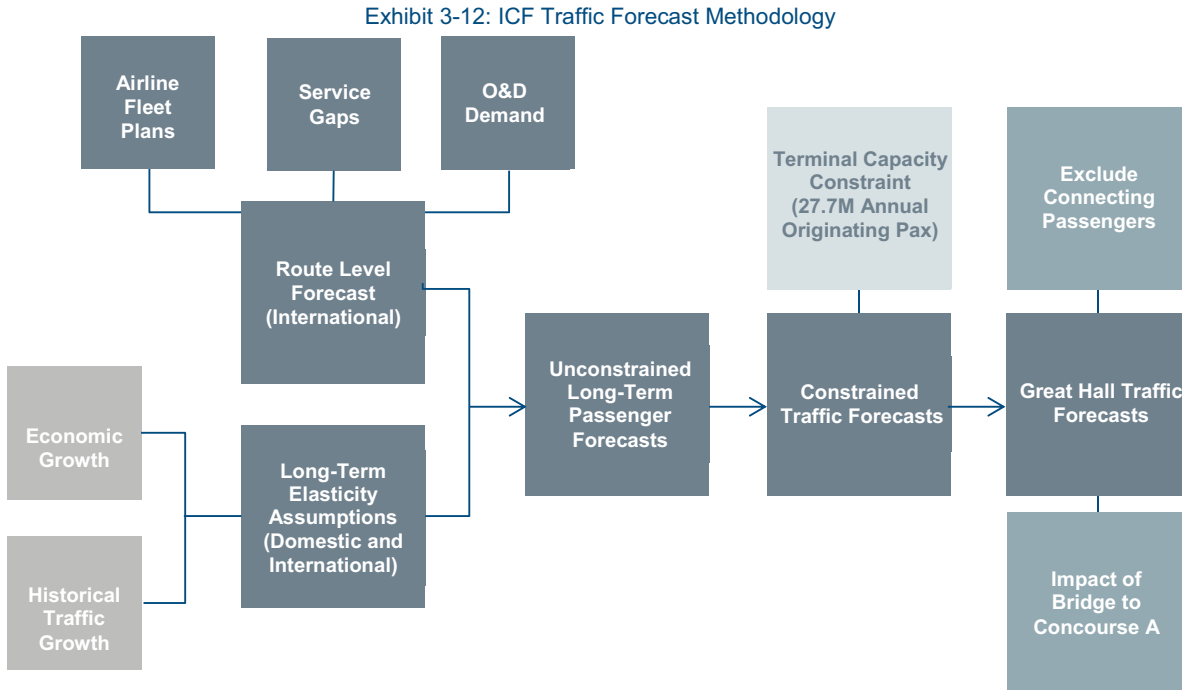
³² OAG Schedules

3.3 Denver Passenger Traffic Forecast

3.3.1 Forecast Methodology

To develop passenger forecasts for the Great Hall Project, ICF used a methodology that combined bottom-up and top-down forecasts. Short term international traffic growth was projected based on a route level analysis. This included analysis of current service gaps in the Denver market and expected growth in O&D demand. ICF then used long term U.S. domestic economic growth projections to develop an econometric forecast. Next, constraints were placed on the forecast based on the limitations of the physical terminal space and the inter-terminal air-train system. These constraints cap future traffic, but do not impact growth rates until their capacity limits are reached.

The forecast methodology is presented below:



Source: ICF

Several key assumptions are built into this forecasting methodology. The City of Denver, as the operator of the Airport, provided 2016 traffic numbers that serve as the base year for the forecast. It is assumed that by the end of 2015, Frontier has completed its network restructuring at Denver. Although it is understood there are likely to be fluctuations in service during the course of the forecast period.³³ It is also assumed that the share of connecting passengers at Denver will remain constant, at approximately 36.5% of total passengers, which is the actual connecting passenger share in 2016. This assumption is based on the likelihood that United and Southwest will continue to operate Denver as a key hub airport. Lastly, it is assumed that Denver’s international service will increase at a faster rate than domestic service, resulting in a higher international O&D traffic, from 4.0% of total passengers in 2016 up to 5.6% in 2049. This assumption follows international trends in air travel and airline strategies and is supported by advances in aircraft technologies.

The forecast assumes that the Denver Gross Regional Product (GRP) will grow at a rate of 2.2% per year on average, through 2049. This is in line with national trends over the period of the forecast.³⁴ Historical real GRP growth for the Denver Metropolitan Statistical Area (MSA) has been slightly higher than national growth in recent years. This trend is expected to continue in the short-term with long-term growth in line with national

³³ Source: CAPA Aviation News

³⁴ Woods and Poole Economic Data 2016, Global Insight (August 2016)

forecasts. Due to Denver’s important role in the U.S. aviation market, ICF expects the Denver market demand to be closely aligned with national economic trends in the long term.³⁵

The international and domestic forecasts were informed by regression results that differentiated between the maturities of different markets. A log-log model was used to estimate the income elasticities of the domestic and international markets respectively. A domestic elasticity of 0.93 reflects the maturity of the Denver air travel market. This domestic elasticity was held constant. The international elasticity of 1.42 reflects the growing international market at Denver. This international elasticity was tapered over time to 0.95 to simulate the maturation of the market over the period of the forecast.

Exhibit 3-13: ICF Selected Regression Results

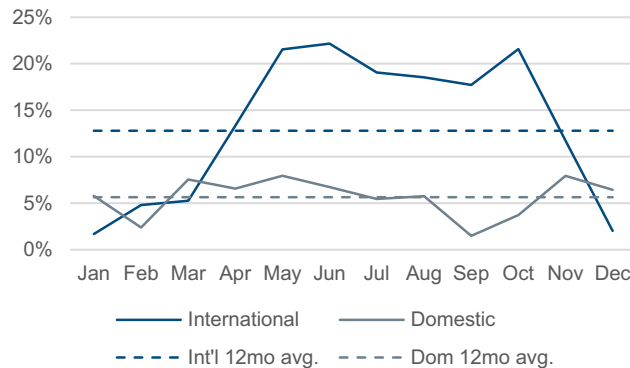
	Domestic Market	Intl. Market
Dependent Variable	Ln(DEN Domestic Passengers)	Ln(DEN Intl. Passengers)
Independent Variable	Ln(Real GDP of DEN MSA)	Ln(Real GDP of DEN MSA)
Time Series	1990-2016	1990-2016
Elasticity	0.93	1.42
T-statistic	14.84	22.17
Constant	5.87	-2.55
Adj. R-Squared	0.89	0.95
Number of Observations	27	27

Source: ICF

3.3.2 Domestic and Connecting Traffic

Forecasting short term domestic passenger growth relies heavily on recent trends and analysis of airline strategies in the local O&D market. Since 2013, Denver’s domestic passenger numbers have grown significantly, punctuated particularly by strong growth in 2016, when domestic traffic was up 8.0%. Advanced airline schedules reflect continued growth through 2017, particularly on international routes. In the first two months of 2017, international passenger growth slightly outpaced seat capacity growth while the opposite was true in the domestic market.

Exhibit 3-14: Change in Denver Scheduled Seat Capacity (2017 vs. 2016)



Sources Innovata schedules via SRS Analyser

Exhibit 3-15: Change in Denver Seats and Passengers (Jan-Feb 2017 vs. CY 2016)

	International	Domestic
Seats	3.2%	4.1%
Passengers	5.2%	3.3%

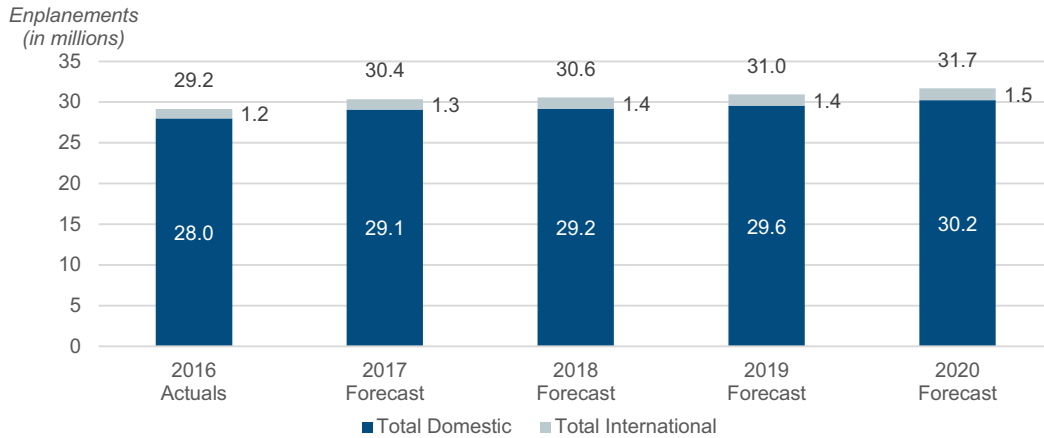
Sources: Innovata schedules via SRS Analyser

³⁵ ICF Analysis



While positive for the Airport, ICF viewed the recent sharp increase in traffic at Denver to be unsustainable growth, resulting from rapid United Airlines growth. Therefore, barring an exogenous event, ICF conservatively assumed that after 2017, capacity growth will slow with tapering domestic growth rates over the next five years. This is largely due to domestic capacity growth for mainline carriers approaching the national average compared to Denver’s aggressive historical service additions. By 2020, ICF expects long term growth to be the most reliable measure of passenger traffic.

Exhibit 3-16: Short-Term Traffic Forecast (2017-2020)



Annual Growth	2016 A	2017 F	2018 F	2019 F	2020 F
Passengers	8.0%	4.0%	0.7%	1.3%	2.4%
DEN Real GDP	2.6%	2.5%	2.5%	2.5%	2.4%

Source: ICF Forecast

ICF used a domestic income elasticity of 0.93, similar to the one used in other industry forecasts. The Federal Aviation Administration’s (FAA’s) forecast of US domestic traffic implies an elasticity of 0.88.³⁶ It is reasonable to expect Denver’s forecast domestic elasticity to be higher than that of the United States because Denver has a higher regional income than the US average, and some US markets are forecast to lose traffic during this period.

Exhibit 3-17: Domestic Passenger Demand Elasticity Comparison

Segment	Elasticity	Time Period	Comment
Historical			
ICF – DEN Metro - Domestic	0.93	1990-2016	Regression on DEN metro GDP
ICF – US - Domestic	0.96	1980-2016	Regression on US GDP
Forecast			
FAA TAF – DEN - Total	0.88	2015-40	Implied by forecast results, vs. DEN GDP
FAA – US - Domestic	0.88	2015-36	Implied by forecast results, vs. US GDP
Boeing - North America	1.16	2015-35	Implied by forecast results, vs. US GDP
Airbus N. America - Domestic	0.75	2015-34	Implied by forecast results, vs. US GDP

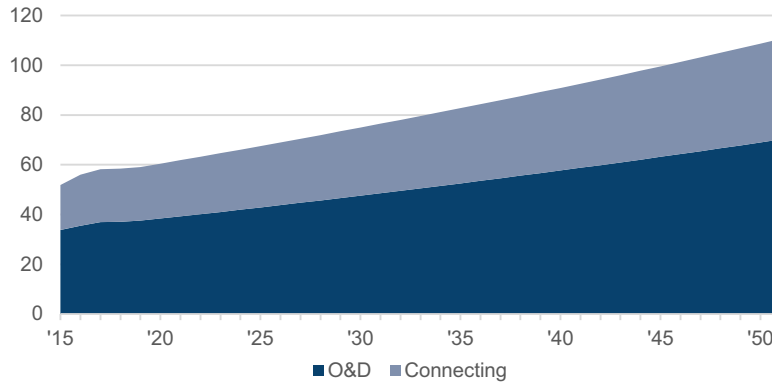
Source: FAA, Boeing, Airbus and ICF

In the long term, ICF estimates that Denver domestic passengers will grow to 110.6 million by 2051, assuming no facility constraints.

³⁶ FAA Aerospace Forecast



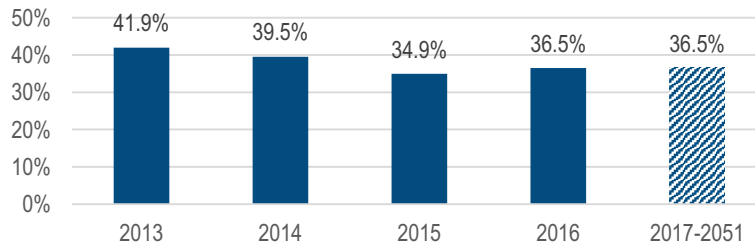
Exhibit 3-18: ICF Unconstrained Denver Domestic Passenger Forecast, 2017-2051 (in millions)



Source: ICF

As previously mentioned, Denver’s connecting traffic is assumed to remain constant as percentage of the total traffic over the forecast period. While the U.S. domestic aviation industry will undoubtedly change and new generation narrow-body aircraft will enable nonstop service in previously unserved low-density short and medium-haul routes, ICF projects that airport hubs will remain key to the strategic operations of large US airlines. Given Denver’s strong historical traffic, advantageous geographic position, and long term relationships with its largest airline partners, our forecast assumes that the Airport will continue to be a major hub and a critical piece of the national aviation infrastructure. In 2016, 36.5% of Denver passenger were connecting passengers. Of these, more than two thirds were United Airlines passengers, which highlights the carrier’s importance to the long term forecast. Given United’s long term agreement with the Airport, this traffic flow is seen as relatively reliable. It is important to reiterate that connecting traffic does not factor into the forecast for passengers traveling through the Great Hall. Only O&D passengers will be exposed to the Great Hall.

Exhibit 3-19: Denver Connecting Passenger Share (2013 – 2016)



Source: Denver International Airport Traffic Reports

3.3.3 International Service Projections

The international market at Denver is less developed than the domestic market, and therefore required a different forecasting approach. Denver management’s current air service marketing is focused on adding international service, including seeking new routes to Europe, the Middle East, Asia-Pacific, and Central & South America.

ICF examined existing O&D markets to identify the top candidates for future service including assessing additional connecting opportunities opened by new routes. ICF estimates that in 2016, nearly 50% of departing international passengers left Denver on a domestic flight and connected onwards.³⁷

In anticipation of added international service, ICF identified the top O&D routes without service from Denver. Several routes previously served at Denver were re-launched during 2016; Munich (served by Lufthansa) and Montreal (Air Canada). The new routes announced for 2017 are London Gatwick (to be served by Norwegian Air Shuttle as of September), Panama City (previously operated by United until February 2016; to be re-launched by Copa Airlines in December) and Cozumel, Mexico (to be served by United.) The largest unserved

³⁷ ICF Analysis, IATA PaxIS

international O&D markets are Amsterdam, Paris, Montego Bay, Zurich, and San Jose, Costa Rica. Paris and Zurich will see new service in 2018. Montego Bay was previously served by Frontier, while San Jose was previously served by United. ICF believes new international service by Southwest and Frontier will likely be to destinations in the Caribbean. New long haul international service will likely be by United or one of its Star Alliance partners, as well as new 'long-haul low cost' carriers such as Norwegian Air Shuttle.

ICF simulated international service additions and passenger volumes over the first three years of the forecast using a route by route analysis and by selecting new international routes that ICF believes may be added at Denver. ICF has assumed additional service on existing routes such as Calgary, Montreal, Munich, Toronto, Vancouver, and Winnipeg; taking into account recent air service trends. For new destinations, ICF has included the planned London Gatwick and Panama City services, which will be added later in 2017, and has assumed that capacity on these routes will rise to steady-state levels in the coming years. Additional international up-side is possible from service introduction on unserved destinations, such as those listed in the preceding paragraph. Other than those new services to London Gatwick and Panama City, the new route announcements were made too recently to be considered in our traffic forecast.

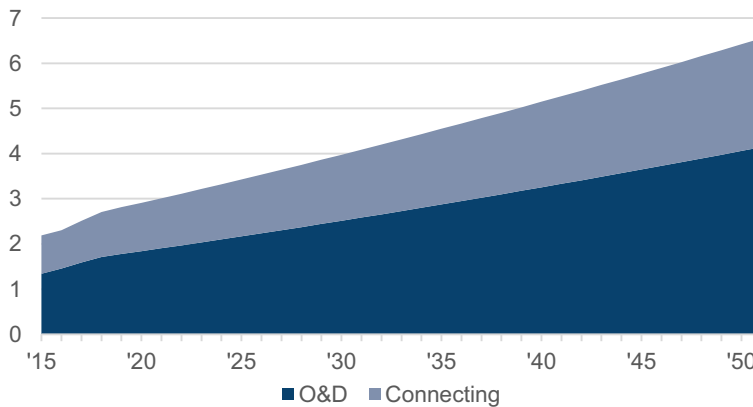
Exhibit 3-20: Annual Denver International Passengers, 2015-2019 (in millions)

Annual Growth	2015A	2016A	2017F	2018F	2019F
Passengers (m)	2.19	2.30	2.51	2.71	2.81
YoY Growth	-0.7%	5.1%	9.1%	7.7%	3.9%

Source: Denver International Airport Traffic Reports, ICF Forecast

In the long term, ICF estimates that Denver international passengers will grow to 6.5 million by 2051, assuming there are no facility constraints.

Exhibit 3-21: ICF Unconstrained Denver International Passenger Forecast, 2017-2051 (in millions)



Source: ICF

3.4 Denver Traffic Forecast (ICF)

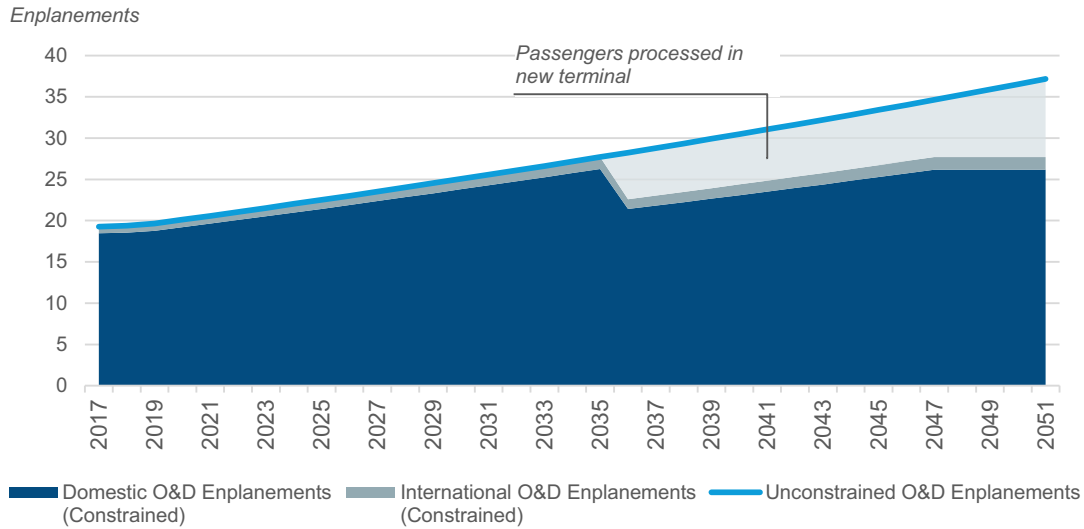
The combined traffic forecast adds expected domestic and international traffic until 2051. Without capacity constraints, ICF forecasts total Airport traffic to reach 117.1 million in 2051. With an expected connecting share of 36.5%, this equates to 74.3 million O&D passengers and 37.2 million O&D enplanements. Only O&D passengers will pass through the Great Hall. O&D enplanements will drive spending in the Great Hall and are the basis for sales per enplanement forecasts.

The Owner has stipulated compensation to the Developer (Passenger Capacity Threshold) in the event that a new processing terminal is opened if traffic is below 27.7 million O&D enplanements. ICF projects Denver to first hit this capacity constraint in 2035. Based on this, the Business Plan assumes that no capacity constraints will appear in the Jeppesen Terminal until this threshold is reached.

Once the capacity constraint is met, it is assumed that Denver will open a new terminal facility that will operate exclusive to the Great Hall. This new facility would likely house at least one airline or airline alliance and would alleviate the capacity constraint on the Great Hall and Concourses A, B and C. Assuming this new terminal is constructed to coincide with the Airport reaching 27.7 million O&D enplanements, the Airport will effectively remain unconstrained. For this reason, it is reasonable to assume that the Airport's O&D passenger share will

remain constant over time. Were the Airport constrained overall, constant growth of O&D demand might encourage airlines to prioritize higher-yielding local traffic, thus driving out the connecting traffic.

Exhibit 3-22: DEN O&D Constrained Forecast & Passenger Leakage to a New Terminal, 2017-2051 (in millions)



Source: ICF Forecast

3.5 Great Hall Passenger Forecast (ICF)

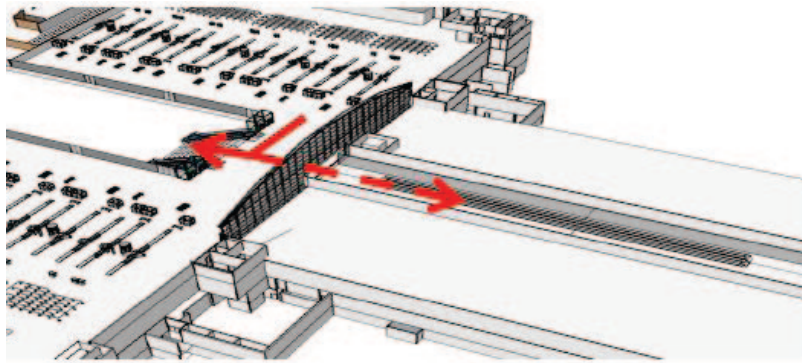
3.5.1 Forecast Methodology

The Great Hall passenger traffic forecast takes the Airport forecast and segments demand to those passengers who use the Great Hall to depart or arrive at the Airport. All O&D passengers who are departing from the Airport will be exposed to the Great Hall, and therefore the growth of O&D passengers is equivalent to the growth of passengers in the Great Hall. However, one factor when considering traffic throughput in the Great Hall and Airside Plaza is the existence of a pedestrian bridge connecting the Great Hall directly to Concourse A. This bridge allows passengers to bypass the Airside Plaza of the Great Hall, thereby missing a significant portion of the Great Hall's commercial space. These passengers would still be exposed to other areas of the Great Hall, including the landside concession areas and meter/greeter areas.

3.5.2 Impact of Concourse A Bridge

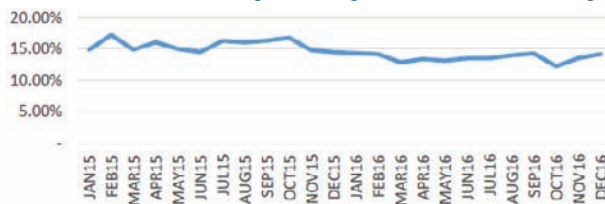
While all O&D passengers will check-in the main terminal, passengers departing from Concourse A can proceed through the pedestrian bridge bypassing the Airside Plaza of the Great Hall. Currently, there are security screening areas that predominantly serve passengers using the bridge. Passengers heading to Concourse A can also access the Concourse by passing through the Airside Plaza and taking the train to the Concourse. ICF reviewed the share of passengers that could potentially use the pedestrian bridge. ICF assumed that 37% of those passengers eligible to use the bridge would do so. This was based on review of security checkpoint traffic data. This amounts to approximately 13.8% of all domestic O&D passengers and approximately 21.3% of international passengers. This equates to approximately 14.1% of all O&D passengers.

Exhibit 3-23: Passenger Movement Options After Development – Airside Plaza and A Bridge



Source: The Developer

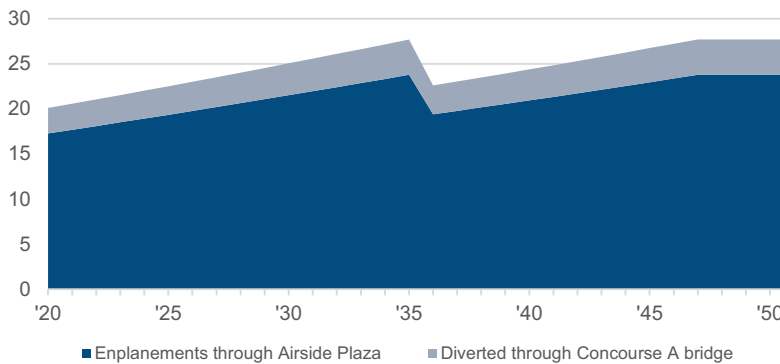
Exhibit 3-24: Share of O&D Passengers Using the Concourse A Bridge, 2015-2016



Source: Airport Security Checkpoint Data

This diversion rate is expected to remain constant throughout the period of the forecast. When forecasting future sales and revenue from commercial units in the Great Hall, it is important to note the diversion rate applies only to units in the Airside Plaza and does not apply to units that are landside or part of the Meeter/Greeter area.

Exhibit 3-25: O&D Enplanements Diverted through Concourse A Bridge, 2017-2051 (in millions)



Millions	2017	2018	2019	2020	2021	2022	2025	2030	2035	2040	2052
Enplaned Using Airside Plaza	16.6	16.7	16.9	17.3	17.7	18.1	19.3	21.5	23.8	20.9	23.8
Enplaned Using A Bridge	2.7	2.7	2.8	2.8	2.9	3.0	3.2	3.5	3.9	3.4	3.9

Source: ICF Analysis and Forecast

3.5.3 Great Hall Passenger Forecast

As noted above, the Great Hall passenger forecast is the product of three elements:

- ▶ An unconstrained O&D forecast
- ▶ An assumption on the Great Hall’s maximum capacity

- ▶ An estimate of passengers diverted from the Airside Plaza by the Concourse A bridge

This methodology produces two distinct forecasts for two different areas of the Great Hall: landside and airside. Landside areas including Level 6 Departure Area and Meeter/Greeter Areas will handle the total constrained O&D traffic forecast. The Airside Plaza will handle the total originating traffic minus those diverted through the Concourse A bridge.

Enplaning passengers through the Airside Plaza are forecasted at 17.7 million in 2021, increasing to 23.8 million by 2035. The number falls to 19.4 million in 2036 (once the new Airport terminal opens) and rises to 23.8 million by 2047, at which point it remains constant since Passenger Capacity Threshold is capped in the financial model at 27.7 million O&D enplanements.

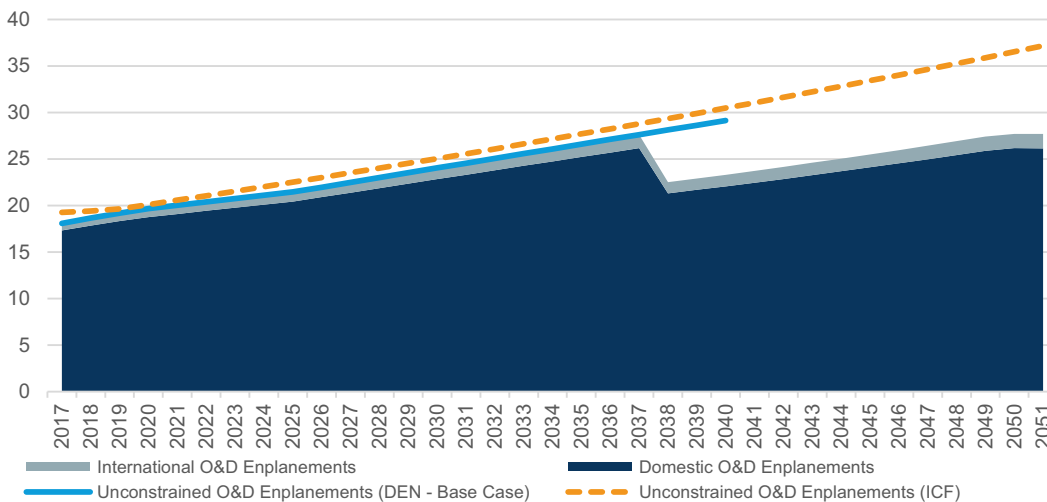
3.6 Business Plan Traffic Forecast (Owner)

The forecast described in this section is the one provided by the Owner (DEN), which GHP has accepted to use it as the Base Case. This forecast is on public record and is used by DEN for their Bond financing documents. ICF uses the Owners forecast for consistency across other Denver Airport financing documents. It provides a more conservative view of projected traffic than the ICF forecast.

The Owner’s Forecast is originally presented without constraints through 2040. In order to apply the forecast as the Base Case, ICF extended the forecast through 2051 by applying the growth expected from 2035-2040. Additionally, ICF applied the same constraints outlined in Section 3.4 as well as the assumptions for diverted passengers as outlined in Section 3.5.2. As with the ICF forecast, connecting passengers do not impact the Great Hall forecast, which is solely O&D traffic.

Exhibit 3-21 below shows the comparison between the Owner’s Forecast and the unconstrained ICF O&D traffic forecast and presents the capped O&D traffic forecast (27.7 million originating passengers). The Owner’s Forecast, used at the Base Case, expects that the traffic cap is reached in 2037 (vs 2035 in ICF’s Forecast).

Exhibit 3-26: Constrained O&D Enplaned Passenger Great Hall Forecast 2017-2051 (in millions)



Source: ICF Analysis, Ricondo & Associates

Exhibit 3-27 below shows the Owner’s Base Case Forecast for the key passenger flows through the Airport:

Exhibit 3-27: Owner’s Base Case Passenger Forecast, 2017-2051 (in millions)

Year	2020	2021	2022	2025	2030	2035	2040	2051
Domestic O&D enplaned passengers	18.8	19.1	19.4	20.4	22.8	25.2	22.1	26.2
International O&D enplaned passengers	0.9	0.9	1.0	1.0	1.2	1.4	1.2	1.5
Total O&D Great Hall Constrained Forecast	19.7	20.0	20.4	21.5	24.0	26.6	23.3	27.7
Enplaned passengers through Airside Plaza	16.9	17.2	17.5	18.4	20.6	22.9	20.0	23.8
Enplaned passengers using A bridge	2.8	2.8	2.9	3.0	3.4	3.8	3.3	3.9

Source: Ricondo & Associates

Exhibit 3-28 below shows the difference in absolute terms between Owner’s Base Case traffic forecast and the one produced by ICF. The Owner’s forecast is consistently lower than our forecast.

Exhibit 3-28: Comparison of Owner’s vs. ICF Passenger Forecast, 2017-2051 (in millions)

Year	2020	2021	2022	2025	2030	2035	2040	2051
Domestic O&D enplaned passengers	(0.4)	(0.5)	(0.6)	(1.0)	(1.0)	(1.0)	(1.0)	0.0
International O&D enplaned passengers	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)
Total O&D Great Hall Constrained Forecast	(0.4)	(0.6)	(0.7)	(1.1)	(1.0)	(1.1)	(1.1)	-
Enplaned passengers through Airside Plaza	(0.4)	(0.5)	(0.6)	(0.9)	(0.9)	(0.9)	(0.9)	0.0
Enplaned passengers using A bridge	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.0)

Source: ICF Analysis, Ricondo & Associates

Exhibit 3-29 below shows the difference in percentage terms between the Owner’s Base Case traffic forecast and the one produced by ICF. The Owner’s forecast is consistently lower than our forecast.

Exhibit 3-29: Percent Difference between Owner’s vs ICF Passenger Forecast, 2017-2051 (in millions)

Year	2020	2021	2022	2025	2030	2035	2040	2051
Domestic O&D enplaned passengers	(2.2%)	(2.7%)	(3.2%)	(4.7%)	(4.0%)	(3.9%)	(4.4%)	0.0%
International O&D enplaned passengers	(2.3%)	(2.8%)	(3.2%)	(4.7%)	(4.1%)	(4.0%)	(4.4%)	(0.0%)
Total O&D Great Hall Constrained Forecast	(2.2%)	(2.7%)	(3.2%)	(4.7%)	(4.0%)	(3.9%)	(4.4%)	-
Enplaned passengers through Airside Plaza	(2.2%)	(2.7%)	(3.2%)	(4.7%)	(4.0%)	(3.9%)	(4.4%)	0.0%
Enplaned passengers using A bridge	(2.2%)	(2.7%)	(3.2%)	(4.7%)	(4.0%)	(3.9%)	(4.4%)	(0.0%)

Source: ICF Analysis, Ricondo & Associates

4. GREAT HALL COMMERCIAL PROGRAM EXISTING CONDITIONS AND OPTIMAL SPACE ANALYSIS

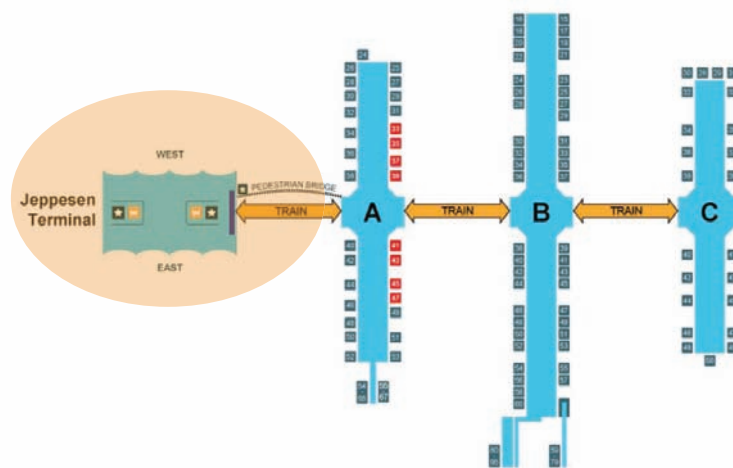
4.1 Existing Conditions of Denver Commercial Plan

The Airport's physical layout creates a unique commercial program for a US airport. Commercial space at DEN is currently spread across the Jeppesen Terminal and three airside concourses. Landside area can be accessed by the general public, while airside is only available to passengers who have cleared security checks and have a boarding pass. Each area presents a separate and distinct part of the commercial program and impacts the behavior of passengers looking for commercial offerings. This, in turn, impacts the ability of the Airport to generate commercial revenue. The layout of Denver will also impact the projected financial performance of the Great Hall Project, a redevelopment of the landside terminal building.

4.1.1 Current Layout, Revenue and Enplaned Passenger Spending

As shown in Exhibit 4-1, the Airport currently consists of the Jeppesen Terminal and three concourses (A, B and C). Each of the facilities is located in parallel and joined by the Automated Guideway Transit System (AGTS). A pedestrian bridge also connects Jeppesen Terminal to Concourse A.

Exhibit 4-1: Current Layout of Denver Terminal and Concourses



Source: Denver International Airport

The Jeppesen Terminal (used by all O&D passengers to reach the concourses) has a landside concession program with food & beverage and retail offerings. Each individual concourse, used by both O&D and transfer passengers has an airside concession program offering.

The concession program in each concourse has a central area with a variety of retail and food & beverage units, including restaurant table service, food & beverage counter service, convenience retail, duty free and specialty retail offerings. There are also a number of concessions along the wings of each concourse, offering additional food & beverage and retail options.

The overall performance of the current Denver concession program for 2015 is shown in Exhibit 4-2, where sales per square foot (sales/sf) and sales per enplaned passenger (SEP) are measures used to determine the productivity of the commercial space and how much each passenger, on an average, spends on concessions.

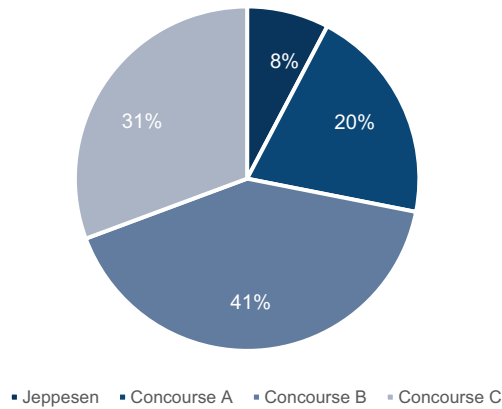
Exhibit 4-2: Concession Sales by DEN Concourse, CY2015

Food and Beverage (F&B)	Sales	% Change 2015/14	Enplanements (Epax)	SEP	SF	Sales/SF
Jeppesen	\$ 18,365,615	5.9%	16,086,694	\$ 1.14	17,323	\$ 1,060
Concourse A	\$ 41,219,903	-7.8%	6,279,441	\$ 6.56	25,040	\$ 1,646
Concourse B	\$ 85,149,365	0.4%	11,475,840	\$ 7.42	56,025	\$ 1,520
Concourse C	\$ 68,900,202	21.0%	9,263,648	\$ 7.44	29,587	\$ 2,329
Total	\$ 213,635,084	4.8%	27,018,929	\$ 7.91	127,975	\$ 1,669
Retail	Sales	% Change 2015/14	Enplanements (Epax)	SEP	SF	Sales/SF
Jeppesen	\$ 4,570,015	4.6%	16,086,694	\$ 0.28	8,857	\$ 516
Concourse A	\$ 19,417,235	-5.4%	6,279,441	\$ 3.09	12,520	\$ 1,551
Concourse B	\$ 37,535,773	-2.0%	11,475,840	\$ 3.27	26,782	\$ 1,402
Concourse C	\$ 22,307,395	21.3%	9,263,648	\$ 2.41	14,871	\$ 1,500
Total	\$ 83,830,419	2.7%	27,018,929	\$ 3.10	63,030	\$ 1,330

Source: Denver International Airport

The percentage allocation of sales for 2015:

Exhibit 4-3: Distribution of DEN Concession Sales, CY2015

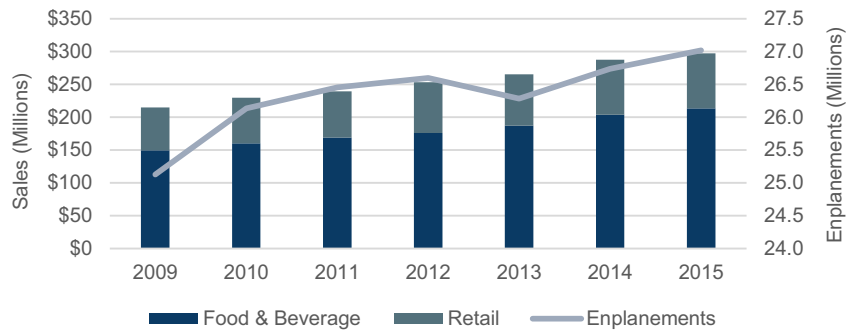


Source: Denver International Airport Sales and Traffic Reports

The Jeppesen Terminal represented only 8% of the total Airport concessions sales in 2015. Currently concessions within the terminal are all pre-security, a location which normally underperforms post-security units. Passengers throughout the U.S. airport market have demonstrated a desire to shop and dine after they have cleared security. Since September 11, U.S. airports have generally followed a 20/80 rule, attempting to locate 80% of concessions on the airside and 20% on the landside.

Since 2009, Denver concession sales have grown steadily, as shown in the Exhibit 4-4 below.

Exhibit 4-4: Total DEN Concession Sales, 2009-2015 (in millions)



Source: Denver International Airport Sales and Traffic Reports

The compound annual growth rates (CAGR) of concession sales since 2009 are as follows:

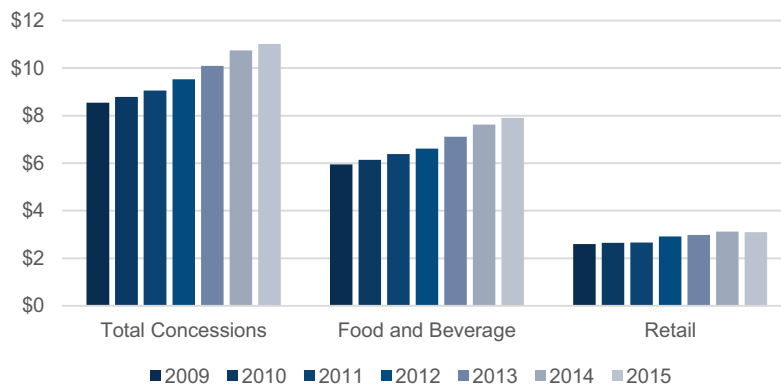
CAGR	'09-'15
F&B	6.1%
Retail	4.3%
Total	5.6%
Enplanements	1.2%

Source: Denver International Airport Sales and Traffic Reports

Since 2009, sales grew at 3-5 times the rate of average annual enplanements, an important factor in demonstrating both the current strength and the opportunities that exist for the concession program. Denver’s concession achieves this relative growth is through improved sales per enplaned passenger, showing increased productivity across Denver’s concession program from 2009 to present. Food & beverage units demonstrated the highest level of growth at 6.1% per year. Representing approximately 70% of the total, food & beverage is the primary driver of concession sales at Denver. Retail, while a smaller component of overall sales, still experienced a healthy growth level of 4.3% per year.

Overall sales per enplaned passenger (SEP) have also grown every year since 2009. Both food & beverage and retail have seen annual growth with the exception of retail sales in 2015, when sales dropped by \$0.03 per enplanement. Overall SEP topped \$11 in 2015, placing Denver among the strongest airport concession programs in the country. The growth in SEP is a good indicator of the strength of a commercial program as it measures how much each individual, on average, spends on concessions. While aggregated sales totals can be driven by an increase in passenger traffic, per passenger sales adjust for changes in traffic. At Denver, not only are passenger numbers growing but spend per passenger is increasing as well.

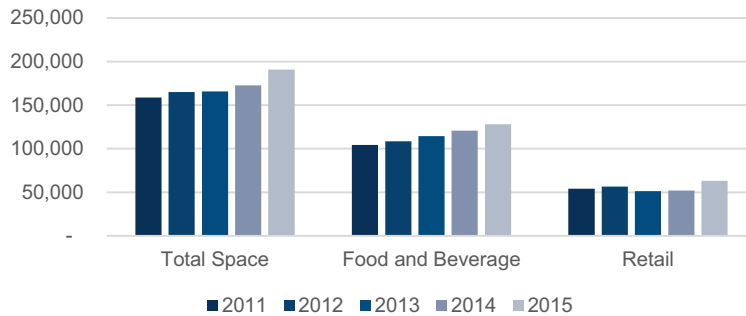
Exhibit 4-5: DEN Concession Sales per Enplanement (SEP), 2009-2015



Source: Denver International Airport Sales Reports

The addition of new commercial space has likely had a positive impact on concession sales. Overall commercial space grew by over 20% from 2011 to 2015. Food and beverage and retail commercial space grew by 22% and 16% respectively.

Exhibit 4-6: DEN Commercial Space (Sq. Ft.) 2011-2015

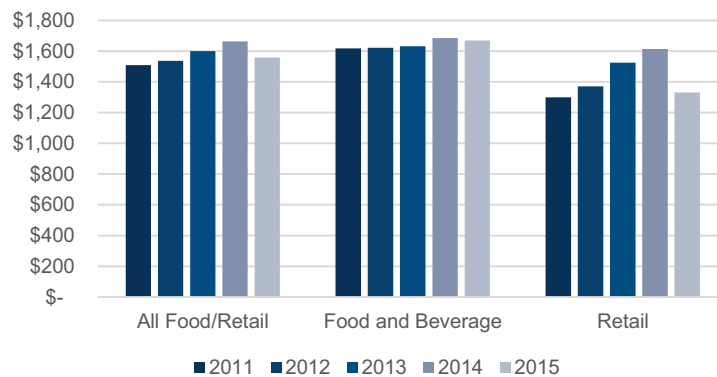


Source: Denver International Airport Sales Reports

In 2015, food & beverage units accounted for approximately 70% of total commercial space versus 30% for retail (including duty free shops). This was unchanged from 2014. Denver has stated that its goal is to achieve a ratio of 65% food & beverage and 35% retail.

Food & beverage concessions tend to generate higher levels of sales productivity, as measured by sales/SF of commercial space. Sales productivity can be a function of changes in space layout. For instance, as retail space decreased from 2013 to 2014 (Exhibit 4-6), sales/SF increased substantially (Exhibit 4-7). In 2015, when significant commercial space was added, productivity dropped to a level consistent with those achieved in previous years. Food & beverage productivity in the range of \$1,600 sales/SF or more indicates there may not be enough space devoted to food & beverage concessions. As a result, sales may be lost due to concession location overcrowding, a lack of choice, or poor customer service.

Exhibit 4-7: DEN Concession Sales/SF, 2011-2015

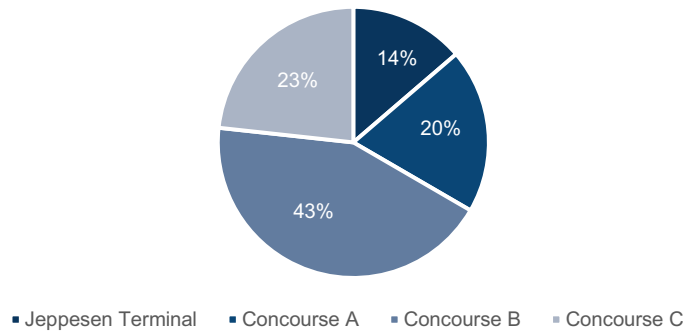


Source: Denver International Airport Sales Reports

While total sales recently experienced robust growth, revenue paid by concessionaires to Denver did not increase at a similar level. Concession revenue to the Airport grew at a rate of 3.2% per year between 2009 and 2014, while concession sales grew at approximately 6% during the same period. Food & beverage sales drove the increase in concession revenue to the Airport, increasing at an annual rate of 4.6%. Retail revenue to the Airport were down slightly, decreasing by about 0.5% per year. SEP grew at an overall CAGR of 4.7% between 2009 and 2014, while revenue per enplanement grew at a CAGR of 2.0%. Revenue per enplanement from retail concessions dropped by 1.7%.

The Jeppesen Terminal has the smallest commercial program out of the four commercial areas of the Airport. While the terminal delivers 8% of overall sales, its commercial program is 14% of the total commercial space, which is consistent with industry trends in which landside units underperform airside units.

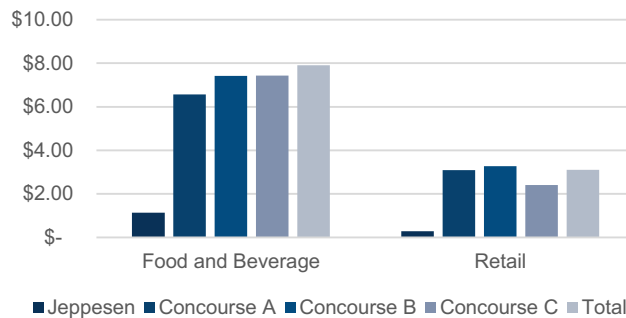
Exhibit 4-8: DEN Allocation of Commercial Space by Location, 2015



Source: Denver International Airport Sales Reports

SEP in the Jeppesen Terminal demonstrates the true difference between landside and airside units³⁸. Landside concession SEP significantly lag behind all three concourses in both food & beverage and retail concessions, as shown in Exhibit 4-9.

Exhibit 4-9: DEN Concession Sales per Enplanement (SEP) by Location, 2015



Source: Denver International Airport Sales Reports

Commercial performance in the Jeppesen Terminal improved in 2015 for both food & beverage and retail units. Food & beverage unit sales increased by \$1 million to \$18.4 million in 2015. This equaled \$1.14 per enplaned passenger. Terminal retail units increased sales by \$200,000 in 2015 to \$4.6 million, or \$0.28 per enplaned passenger.

In addition to their landside location, units in the current Jeppesen Terminal face several additional challenges:

- ▶ Units are not located along natural passenger traffic routes within the terminal. Passengers traveling from curbside through the airline ticketing areas to security screening areas miss many of the airside units, reducing the exposure rates for each unit.
- ▶ Much of the landside space is located close to security screening areas which is likely to create anxiety among passengers.
- ▶ Current concession brand mix does not include enough local and regional brands and may not fully leverage the unique characteristics of the Airport and its passenger base.

4.1.2 Concourse Expansion

The Owner will continue to operate a Commercial Program within the Concourses throughout the life of the Concessions Operating Period. The Owner is planning a series of improvement projects over the next several years that will result in additional commercial space in the Concourses. It is likely that Concourse improvement projects will continue throughout the life of the Great Hall, as could be expected at any airport. Given that Concourse expansion will have a direct impact on the Great Hall Project financial performance, ICF has factored the impact of these near term projects as well as other potential long term unplanned projects into its

³⁸ Jeppesen Terminal sales are measured per originating passenger, rather than per enplaning passenger, to create a more "like-to-like" measure with the concourses. Transfer passengers are highly unlikely to ever be exposed to landside concessions in the Jeppesen Terminal as all airside concourses may be accessed by remaining airside.

financial projections. Currently, the Airport has stated its intention to expand commercial areas within the Concourses as follows:

Exhibit 4-10: Concourse Commercial Expansion Schedule

Completed by	Additional Space Created (Sq Ft)
2021	26,400
2026	18,600
Total	45,000

Source: Denver Great Hall LLC

The Owner plans several small projects that will result in additional gate capacity and additional commercial space. While these projects will take place over the course of several years, the analysis of this added commercial space has been grouped into two phases for the sake of financial analysis – commercial space opened by 2021 and those opened by 2026.

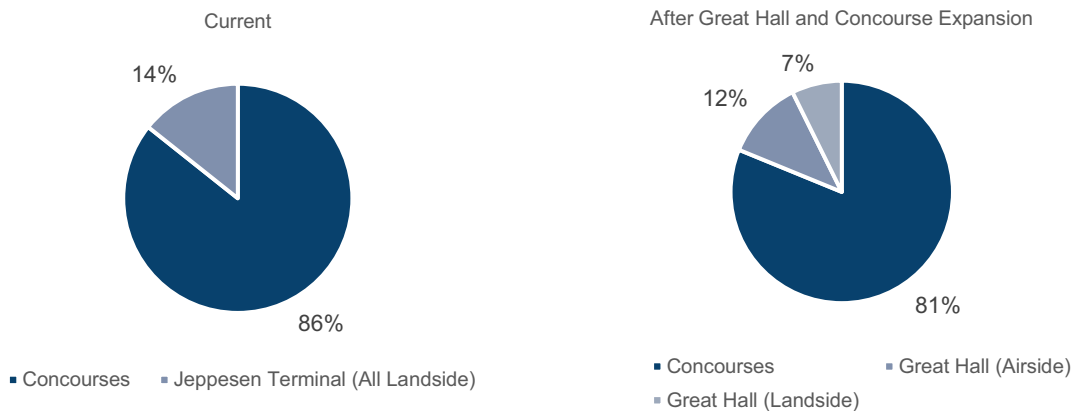
The most immediate plans (those scheduled to be completed by 2021, the date that the Great Hall opens) will add over 26,000 square feet of commercial space. Commercial space of 18,900 square feet is planned to be added in Concourse A and 7,500 square feet in Concourse C. No commercial space is planned to be added in Concourse B. The second phase of planned improvements proposes an additional 18,600 square feet of commercial space. Commercial space of 11,100 square feet is planned to be added to Concourse A with another 7,500 square feet added to Concourse C. Again, Concourse B will not have any additional commercial space although there is additional gate capacity planned in all three Concourses.

Importantly, the Owner has agreed to consider the impact of development of additional Concourse commercial space on the Great Hall Project. In order to account for this, the Airport has agreed to compensate the Developer should the commercial space in the airside areas (which is to include Concourses and the Great Hall) exceed 8.3 square feet of airside commercial space per thousand enplanements.

The base case assumes the Owner will utilize the entire 8.3 square feet of airside commercial space per thousand enplanements contemplated as the threshold³⁹.

³⁹ This expansion to 8.3 means considering the base case traffic forecast, an expansion to the commercial space in the concourses of 83,800 sqft in 2021 (compared to the abovementioned plans of 26,400).

Exhibit 4-11: Existing DEN Space Allocation (2015) and Proposed Space Allocation (2021)



Source: Denver Great Hall LLC, Denver International Airport

4.2 Supportable Space for Airport & Great Hall

4.2.1 Methodology

In order to identify how much commercial space the Great Hall Project could support, ICF analyzed several airport specific factors and industry wide metrics:

Exhibit 4-12: Factors Included in Maximum Supportable Space Analysis

A Review of:				
Air service	Passenger psychographic characteristics	The facility and the plans for changes to the existing Jeppesen Terminal to improve its commercial viability	Development of sales per enplaned passenger limits, based on existing and comparable airport performance	Development of boundaries for sales per square foot limits, based on existing and comparable airport performance

Source: The Developer

Three basic measurements were considered when looking at the comparable airports:

Space Density (SF/1K Epax): A relative measure of the amount of space provided within a concession program that allows for comparisons of the programs at airports with different levels of enplanements (Epax). Generally, airports provide somewhere between 4.0 and 8.0 square feet per 1,000 enplaned passengers.

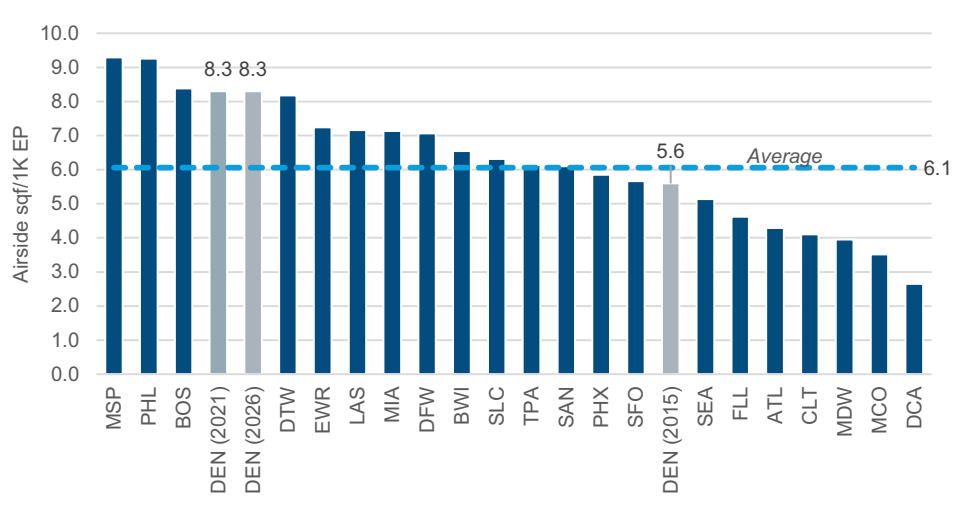
Space Productivity (Sales/SF): A measure of the productivity of commercial space provided. Each type, sub-type, and location of commercial space generates a different level of expected sales per square foot. For example, food and beverage programs generally show productivity in the range of \$1,000 - \$1,400 sales per square foot.

Passenger Spend (Sales/Epax): The measure of how much each passenger, on average, spends on concessions, or a type of concession. When compiled for an airport or a particular part of an airport, SEP provides normalized information about the success of the program. Benchmarks show a strong performing food and beverage program will usually produce numbers in the \$6.00 - \$8.00 range, with retail programs usually showing sales per enplaned passenger in the \$3.00 - \$6.00 range. Duty free concessions in the US can vary widely, with top airports generating over \$20 per enplaned passenger while those airports which primarily serve international leisure travelers departing from the US generate far lower figures.

Importantly, ICF evaluated whether the additional commercial space from the Great Hall is reasonable within the scope of the entire Airport. ICF looked at the airport-wide commercial SF/1K Epax in 2021 and 2026 in order to consider the impact of not only the Great Hall but also the proposed concourse expansion program under consideration from the Owner. The Great Hall will add 63,561 square feet, including 37,055 square feet of commercial airside space. The Base Case assumes concourse expansions to the agreed ratio of 8.3 sqf /1K enplanements airside which translates into an additional 84,000 square feet in 2021. The current airside

offering in the concourses is approximately 151,000 square feet (2015 annual average). Compared with industry benchmarks, combined expansions of the Great Hall and concourses represent an appropriately sized concession program for the amount of traffic. As shown in Exhibit 4-13, the ratio stays within a reasonable range and above the industry average, which is typically expected immediately following an expansion.

Exhibit 4-13: Airside SF/1K Enplaned Passenger Benchmarks with DEN (2015)



Source: Airport Revenue News 2015

5. MARKET ANALYSIS

5.1 Passenger Profile

The passenger profile of travelers at Denver is well suited for a robust commercial program. A detailed survey completed by the Airport in 2013, show Denver passengers are young, well educated, high earning frequent travelers who spend significant time at the Airport when visiting. Critical variables such as average income of travelers and dwell time at the Airport are highly favorable for Denver. 47% of Denver passengers have annual incomes in excess of \$100,000. At the same time, dwell times, particularly for the O&D passengers passing through the Great Hall are high, leaving passengers with ample time at the Airport before boarding flights. O&D passengers at DEN average 2.5 hours dwell time. Also 70% of passengers fly more than twice a month from the Airport.⁴⁰

DEN has developed robust profiles of various passenger segments at the Airport, which helps to further highlight the opportunities within each market segments. These profiles have been classified based on the commercial opportunities identified.

Exhibit 5-1: Denver International Airport Passenger Segments

Priority Targets for Strategy and Growth	Revenue Targets	Opportunistic Targets
Explorers	Aspirers	Escapists
Elites		Experts
		Earlybirds

Source: Denver International Airport

Understanding the various passenger segments within the Airport will allow concessionaires to maximize the productivity of their space and capitalize on what is a highly attractive for the overall passenger profile. Additional detail on the Denver passenger survey and the market segments is available in the Appendix.

5.2 Guiding Principals

Airport concessions are generally divided into two major types of concessions: Food & Beverage, and Retail.⁴¹ The two major categories are then divided into subcategories as shown below:

Exhibit 5-2: Subcategories for Great Hall Concessions

Food and Beverage Subcategories	Retail Subcategories	
Bar	QS – Quick Service	SR – Specialty retail
CDWB – Casual dining with bar	QSWB – Quick Service with Bar	NAC – News and convenience
FSD – Full service dining		DF – Duty free/duty paid retail

Source: ICF

To develop subcategory level strategy for the division of space in the Great Hall, ICF studied the sub category distribution patterns of six large U.S. airports, as presented in Chapter 4. ICF used this analysis to allocate space and financial performance of the sub categories used in the Great Hall business plan.

The following data sets and guidelines were used to model subcategories and concept space allocations.

- ▶ Comparable airport concession performance by concession category and subcategory
- ▶ Expected demand/wants of Denver Airport passengers and visitors
- ▶ The location of the Great Hall within the context of the entire Airport complex, and footfalls within the Great Hall
- ▶ Recommendations based on standard U.S. airport commercial planning concepts:
 - Passenger expectations of the types of shops that will be offered
 - Concept categories with wide appeal, that will result in high capture rates
 - Concept categories that are unique or have narrower appeal (e.g., low capture rates) limited to areas of high footfall locations where passerby traffic is maximized to create the optimal conditions for success

⁴⁰ 2013 Denver International Airport Survey

⁴¹ There is an additional category – services – that is not included in this analysis

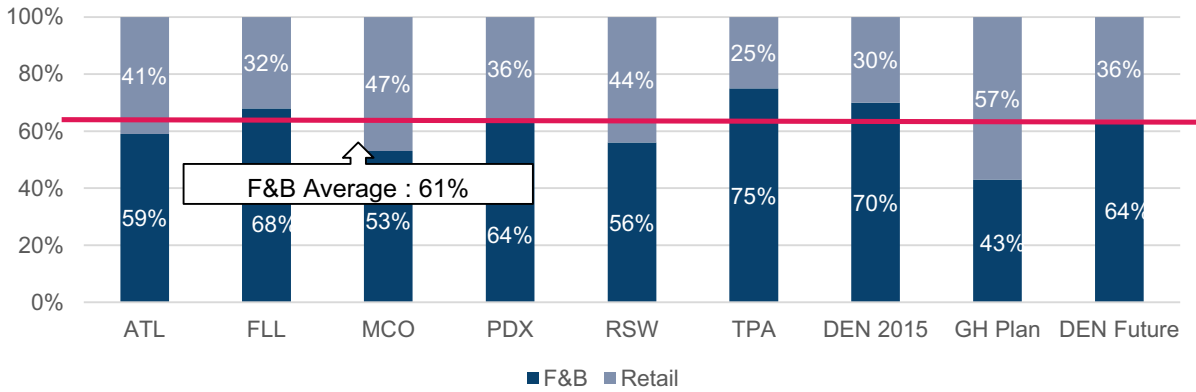


5.3 Benchmarking of Space Allocation

5.3.1 Category Level Split

Benchmark airports in Exhibit 5-3 show an average of 61% of space is dedicated to food & beverage concepts. Current commercial space at Denver has a higher percentage of food & beverage units – 71% of total space.

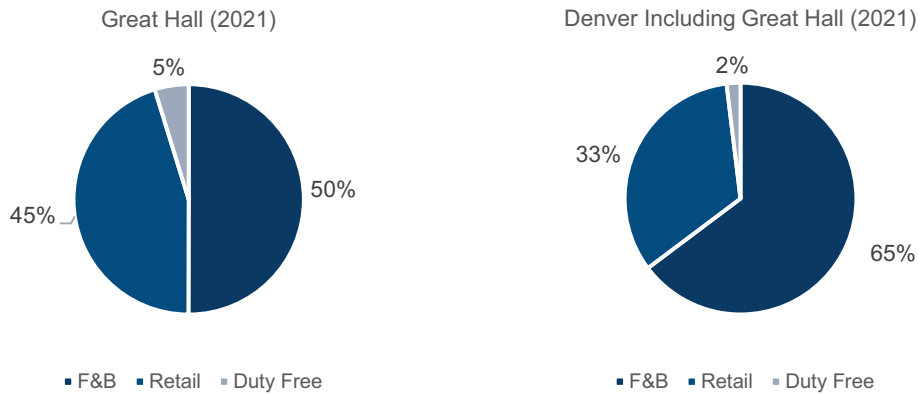
Exhibit 5-3: F&B and Retail Space Split, Peer Group Airports (2015)



Source: Airport Revenue News 2015, Denver Great Hall LLC

Based on benchmark space allocation and the expected traffic flows in the Great Hall, ICF determined that opportunity exists for creating a robust retail program in the Great Hall. The sheer volume of passenger exposures in the area will allow specialty retail concepts with low capture rates to succeed. For instance, in 2021, when the Airside Plaza fully opens to the public, over 19 million passengers are expected to pass through the Plaza before continuing on to the departure concourses. The proposed allocation of space in the Great Hall demonstrates the commitment to leveraging the opportunity for expanded retail offerings.

Exhibit 5-4: Proposed Allocation of Space in the Great Hall Space in Denver Airport Including Great Hall (2021)



Source: Denver Great Hall LLC, Denver International Airport

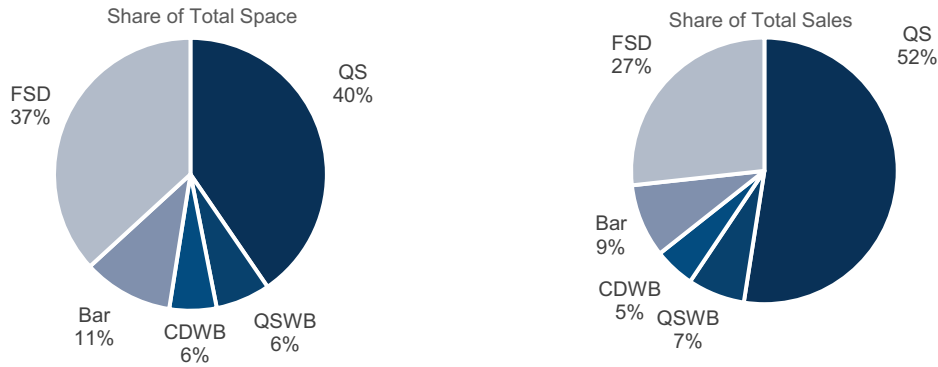
Note: Includes expected concourse expansion and assumes 65/35% split by food and beverage and retail in new concourse space

5.3.2 Sub Category Level

Food and Beverage

The proposed allocation of space within categories is designed to maximize the availability of the most productive units, while providing passengers with enough choice that they will be able to find their desired products. Current space allocation in the food & beverage category at peer airports is 40% Quick Service units, which drive over 50% of total sales.

Exhibit 5-5: Food and Beverage Space and Sales Allocation by Sub-Categories at Select Peer Airports (2015)

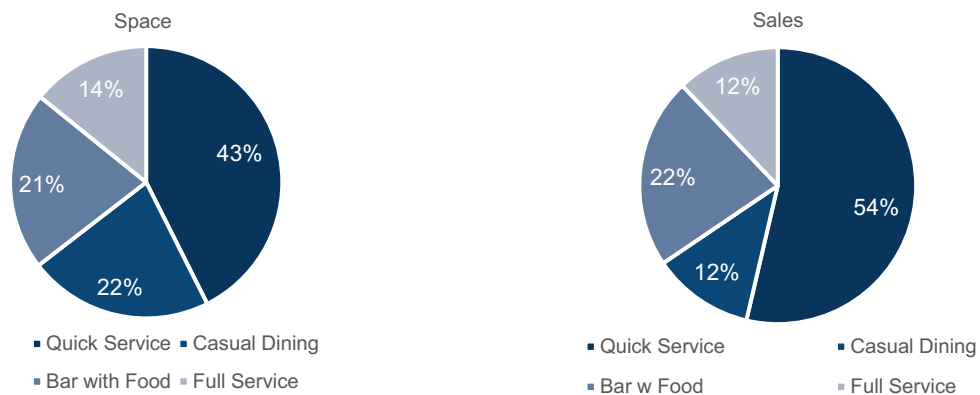


Note: QS – Quick Service; FSD – Full Service Dining; CDWB – Casual Dining with Bar; QSWB – Quick Service with Bar.

Source: Select Airport Sales Reports

Quick Service dining locations generally produce at a higher rate than other types of food & beverage operations, including full service dining, which generally has a much higher average check. When allocating space within the Great Hall, the strategy focused on providing the optimal balance of full service dining locations with quick service options.

Exhibit 5-6: Proposed Allocation of Food and Beverage Space and Forecast Sales in the Great Hall (2022)



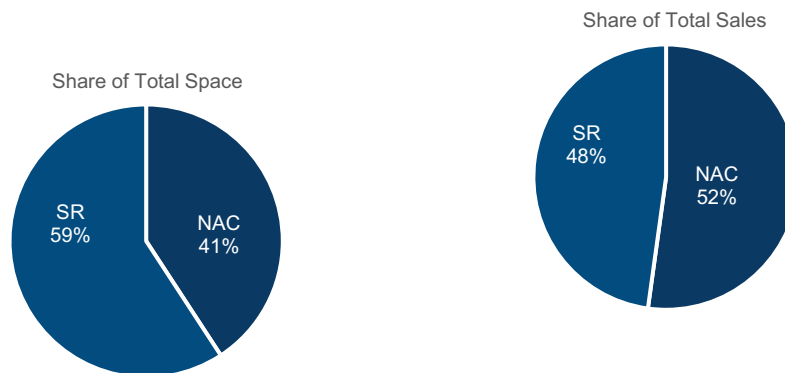
Source: Denver Great Hall LLC

The strategy for specific concepts was based on industry benchmarks and evaluation of typical productivity and unit size. While sales/SF is a good indicator of productivity, care was given to account for smaller units with higher sales/SF. The product mix must be diverse with offerings in a variety of concept categories in order to achieve the greatest level of success.

Retail

Exhibit 5-7 below shows that while news/convenience concessions occupy only 41% of an airport's total retail space, these locations generate 53% of sales at peer airports. Retail units are categorized as news/convenience and specialty retail units. News and convenience units provide needs required by travelers. Specialty retail provides "wants", items that people generally do not plan to purchase while traveling. Nationally, news and convenience units are higher producers but are limited by the needs of passengers.

Exhibit 5-7: Retail Space and Sales Allocation by Sub-Categories at Select Peer Airports (2015)



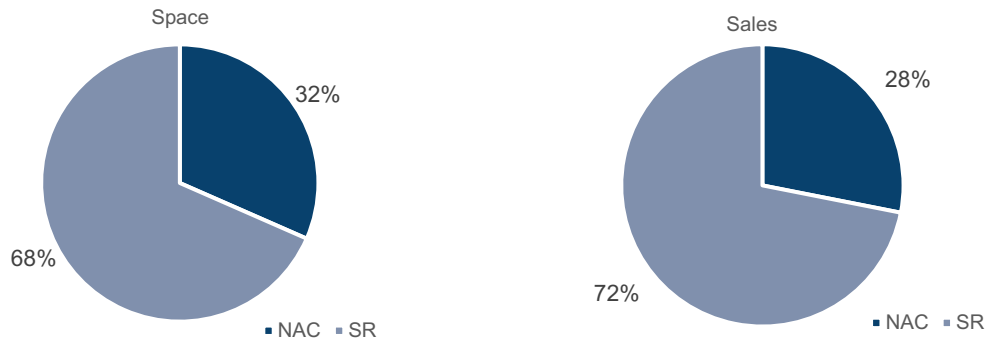
Note: NAC – News and Convenience, SR –Specialty Retail

Source: Select Airport Sales Reports

The strategy for specific retail concepts was based on consideration of the passengers at Denver, their wants and interests, and existing allocation of commercial space in the concourses. This strategy focuses on the opportunity to develop specialty retail offerings including:

- ▶ **Outdoor Sports and Western Themed Store** – These aligns with the interest of residents and visitors to the Rocky Mountain region
- ▶ **Lifestyle Apparel** - Covers a diverse range of products and may include concepts that could be classified into multiple concept categories (e.g., Logo apparel, European Fashion, Outdoor wear, etc.)
- ▶ **Electronics (tech retail)** – Becoming a strong “necessity” concept in airports. Generally, these are locations that sell smart phones, tablets, and accessories related to these products.
- ▶ **Gifts/Souvenirs** – Targets the “out of town” returning home. Souvenir stores can include a specific line of products (e.g., leather goods, western wear, western accessories, locally-made art and other products.)

Exhibit 5-8: Proposed Allocation of Retail Space and Forecast Sales in the Great Hall (2021)



Note: Excludes Duty Free Space; NAC – News and Convenience,
SR –Specialty Retail,
Source: Denver Great Hall LLC

Duty Free/Duty Paid

The Duty Free location in the Airside Plaza is the only airside location capable of capturing all international O&D passengers. The operator will have the opportunity to sell duty paid items in this well-sized location. The design will create a welcoming front door to the retail village in the Airside Plaza. Denver’s existing Duty Free options are limited and insufficient to address the growing international traffic at the Airport. Denver’s existing Duty Free space is limited to just over 1,000 square feet. Based on expected international traffic in 2021, this will be less than 0.7 sq.ft./1k international enplanement. Duty Free, which as mentioned above can also be made available to domestic passengers by offering “Duty Paid”, offers higher potential average sales than most other retail establishments. The Airside Plaza offers an opportunity to create the Airport’s premium Duty Free retail location, offering a larger store with a wider range of products and variety for international passengers.

6. PROPOSED GREAT HALL COMMERCIAL PROGRAM

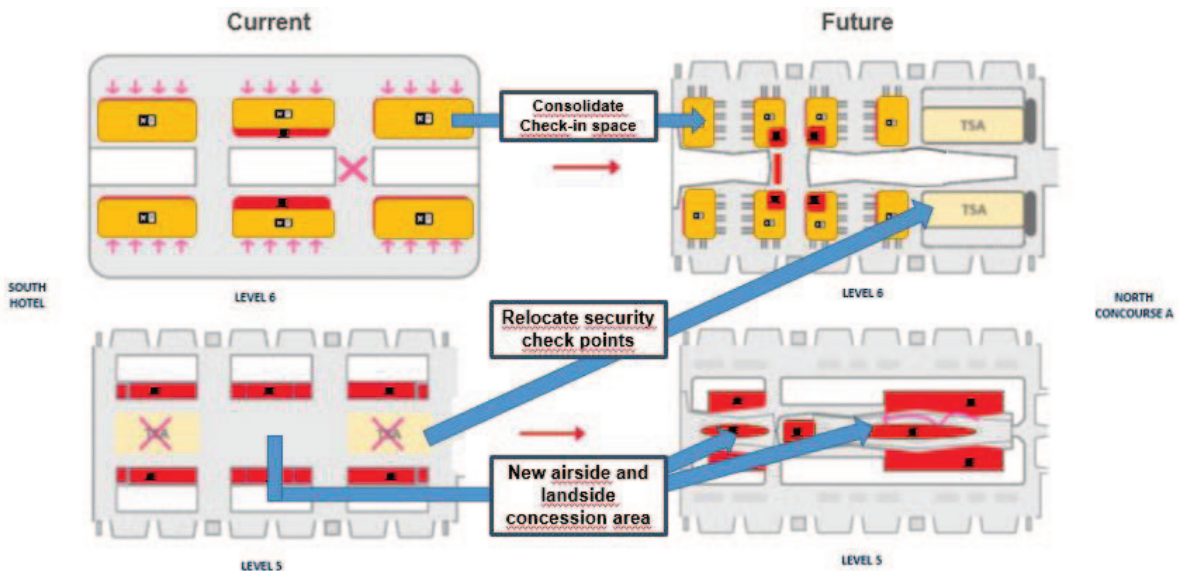
6.1 Introduction

The Great Hall is divided into three distinct areas: Level 6 (Landside), Airside Plaza (Airside), and two Meeter/Greeter Areas (Landside). O&D passengers will arrive at DEN on Level 6 and enter the Departure Area (where airline check-in desks are located) before proceeding to TSA security checkpoints at the north end of the Great Hall Level 6. The Great Hall will include several concession units located within the Departure Area, before passengers proceed to security. After passing through security, most passengers will descend into the Airside Plaza on Level 5, a mall like lobby filled with concessions. Passengers enter at the north end of the Plaza and will walk south through the Plaza to reach escalators descending to Level 4. From Level 4, passengers board the train to take them to their respective departures concourses.

The final area of the Great Hall, the Meeter/Greeter Areas, are located to the north and south of the Airside Plaza, on Level 5. All arriving local passengers will pass through one of these two areas on their way out of the Airport. Domestic passengers will arrive in the larger Meeter/Greeter area on the south side of the Great Hall after arriving on the train from their arrival concourse. They will pass through an area of concessions before exiting the Great Hall to reach ground transportation options. The area will have seating arrangements and amenities for those waiting to greet arriving passengers. The smaller international Meeter/Greeter Area is located on the north side of the Great Hall. All arriving international passengers will pass through this area after clearing immigration and customs before continuing onto ground transportation that will take them off of the Airport.

Exhibit 6-1 below provides an overview of the major changes in layout before and after the Great Hall Project.

Exhibit 6-1: Layout of the Great Hall before and after the redevelopment



Source: The Developer

The drawings presented in this document are still pending and subject to final minor adjustment, however, we do not anticipate any material difference in terms of square footage nor any material impact on revenues.

6.2 Commercial Program Layout for the Great Hall

Concessions in the Great Hall have been designed to address the most pressing needs of Denver O&D passengers, which is based on knowledge of passenger characteristics and the existing concessions available in the concourses. It is critical that commercial spaces throughout the Great Hall consider their location relative to customer's journey throughout the Airport. For this reason, the Great Hall emphasizes retail concepts and offers customer's options that are simply not available elsewhere in the Airport. These unique offerings are

complemented by traditional airport commercial stalwarts that passengers also need and expect such varieties of food & beverage options as well as news and convenience shops and kiosks.

Exhibit 6-2: Proposed Commercial Layout of the Great Hall

Commercial Area	Number of Units	Total Commercial Space (Sq. Ft.)	Seating/Other Area (Sq. Ft.)	Sq.Ft. per Thousand Enplanements (2021)
Departure Area (Level 6)	5	7,050	0	0.4
Airside Plaza (Level 5)	28	37,055	4,330	1.9
Meeter/Greeter Area (Level 5)	17	19,456	7,850	1.0

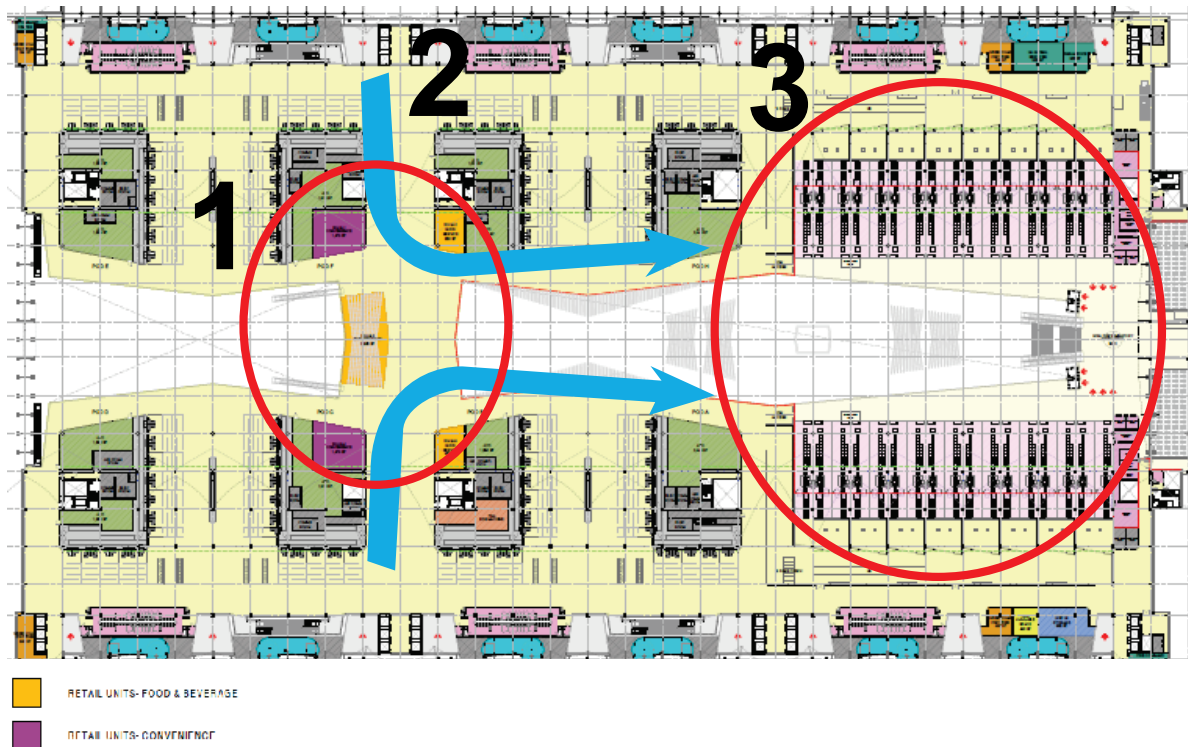
Note: Above table assumes units A5-20 and A5-32 are not built

Source: The Developer

6.2.1 Departure Area Landside Concessions

As shown in Exhibit 6-3, passengers enter the Airport on Level 6 of the Great Hall, either from the east or west side of the facility. Airline check-in desks face passengers as they enter from either side of the facility, with eight L shaped banks of check-in counters – four on each side of the hall. The east and west sides are separated by an atrium style opening, allowing passengers to look below them into the Level 5 Airside Plaza of the Great Hall. There is a wide connector bridging the open space, allowing passengers to move across Level 6 and access any airline desk from either side of the hall. Around this connecting bridge, five distinct commercial units will be clustered, creating a congregating space where passengers can gather and address final needs before proceeding through security.

Exhibit 6-3: Level 6 Departure Area Passenger Flow Diagram



Source: The Developer

1. The red circle on the left shows the cluster of five commercial units located in the center of the Departure Area on Level 6;
2. The blue arrows on each side of the exhibit above depict the flow of passengers through Level 6, entering from the sides, passing through the Departures Area and proceeding towards TSA checkpoints at the north end of the Hall; and

- 3. The red circle on the right highlights the TSA security screening area on Level 6. All departing O&D passengers at DEN will pass through this check point.

There will be three food & beverage units and two retail units on Level 6. Of the food & beverage units, two will be quick service coffee shops. There will also be a bar with food, likely a cocktail bar concept that will welcome passengers and companions to mingle after check-in but before security. The quick serve units will cater to passengers who may want a snack or beverage before proceeding to their flights, and will also serve employees and traveler's companions.

There are two finalized retail commercial units, offering both convenience/newsstand concepts to passengers. Travelers will be able to buy snacks and reading material for instance, before proceeding to security. The two retail units are mirrors of one another, with one unit on each side of the hall.

Exhibit 6-4: Proposed Departure Area Landside Concessions

Category	Number of Units	Total Space (Sq.Ft.)	Sub Categories Included
Food and Beverage	3	4,100	Quick Service, Bar with Food
Retail	2	2,950	News and Convenience
Total	5	7,050	

Source: The Developer

In total, Level 6 contains 7,050 square feet of commercial space. Commercial space of 4,100 square feet (58%) is dedicated to food and beverage service, while 2,950 (42%) is dedicated to convenience retail. The commercial spaces are located in the center of the hall, in between the two central airline counter blocks. All departing passengers must proceed through Level 6 to the far north side of the hall in order to enter the security checkpoint. The units benefit from being located away from the entrance to the security clearance areas, as passengers who may want to congregate in Level 6 likely will not want to be directly next to security lines which are generally viewed to be stressful unappealing areas of the Airport. These considerations were included in the development of sales guidelines for Level 6 units.

Exhibit 6-5: Great Hall Level 6 Commercial Space



Source: The Developer

6.2.2 Airside Plaza Concessions

The Airside Plaza, located on Level 5 of the Great Hall, provides majority of the commercial space and is best suited for commercial sales. In terms of square footage, the Plaza contains 55% of the total commercial space in the Great Hall and is a newly created airside space.

Passengers enter the Airside Plaza from the north end of the hall, coming down a set of two escalators from the security area located on Level 6. Once passengers have descended the escalators (or elevators – two are located next to the escalators) they have to walk towards the south side of the hall to descend to another set of escalators to get to AGTS. While walking through the hall, passengers are exposed to commercial units on both sides of the Plaza as well as units in the center.

Exhibit 6-6: Proposed Departure Area Airside Plaza Concessions

Category	Number of Units	Total Space (Sq.Ft.)	Sub Categories Included
Food & Beverage	10	15,110	Quick Service, Bar with Food, Casual Dining, Full Service
Retail	17	18,918	News and Convenience, Specialty Retail
Duty Free	1	3,027	Duty Free/Duty Paid
Total	28	37,055	
Seating	6	4,330	Seating

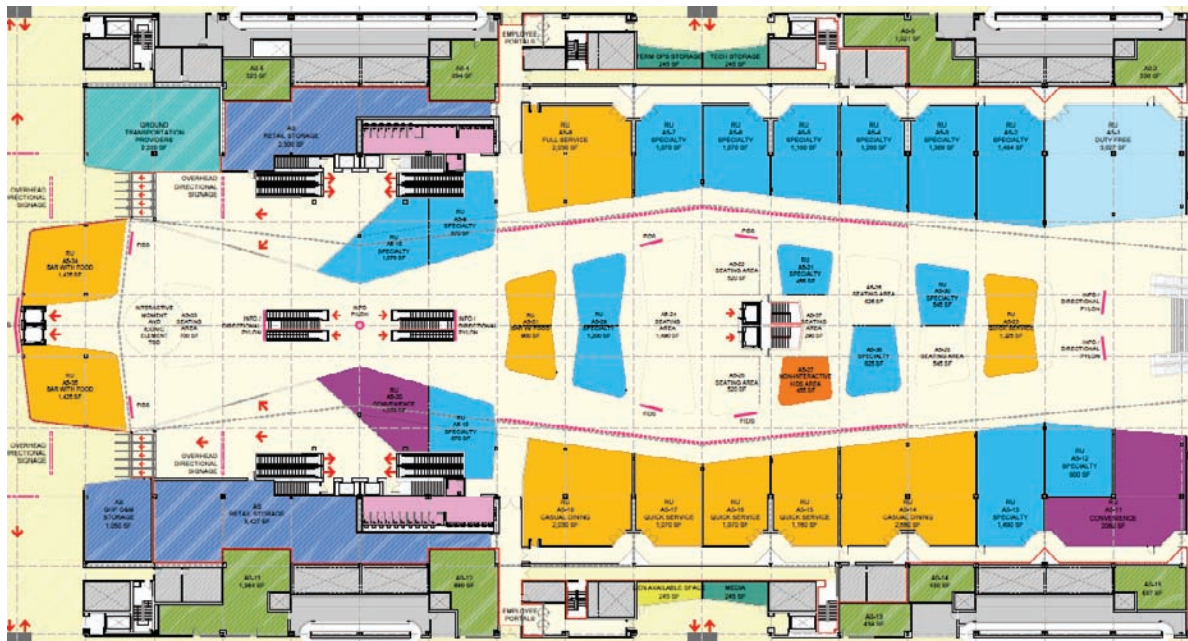
Source: The Developer

There is a mix of Retail, Food & Beverage and Duty Free units throughout the Airside Plaza. Food & Beverage units make up 41% of the total space, with 10 units throughout the Plaza, including a cluster of five units along the east side. Two units are in the center of the Plaza and two are at the far south end, past the escalators for AGTS. One unit is along the west side of the Plaza. There are several common seating areas throughout the Plaza, providing places for customers of quick service units to sit and eat. These are all located along the center of the Plaza, available for customers from any concession. Common area seating sections are integrated into the design of the Plaza, along with interactive features that help hold the attention of the passengers and create reasons for spending time in the Plaza before proceeding to the concourses. For instance, the presence of a children's play area and an interactive water installation will be featured along the center of the hall, in view for all the passengers as they walk through the Plaza or from pre-security areas of Level 6.

The remaining 59% of commercial space is occupied by a variety of retail units including convenience, specialty retail and duty free. Due to the limited options for retail shopping in the concourses, there is opportunity for the Great Hall to be a retail center within the Airport. While passengers are generally known to eat close to their gates, there is less preference for retail shopping. In order to help alleviate concerns passengers may have about reaching their gates on time, there will be information displays available throughout the Airside Plaza, including indications about normal travel time needed to reach specific gates. This will help passengers feel in control of their time at the Airport and comfortable enough to dwell in the Airside Plaza for longer periods of time. The Airside Plaza has been designed to include a full range of retail and food & beverage options, suitable to accommodate all passengers, including groups traveling together. There are a total of 17 retail units, with the potential for 2 additional units to be added at the south end of the Hall, close to the escalators to the train. These units are pending final design.

One duty free unit is located immediately to the right of passengers when they first descend from Level 6. Duty Free shopping is available only to passengers departing on international flights. ICF forecasts nearly 1 million such passengers by 2021. Two convenience units are included in the Plaza, one each at the north and south end of the hall. These units complement other convenience offerings on Level 6 and in the concourse. The remaining 15 units are all dedicated to specialty retail options. Specialty retail takes up 15,098 square feet, 41% of all commercial space in the Airside Plaza, excluding common area seating. Most units are similar in size, with the exception of four kiosks in the center of the hall that average approximately 550 square feet. All other specialty retail units are between 845 and 1,490 square feet.

Exhibit 6-7: Planned Level 5 Airside Plaza of Great Hall⁴²



- RETAIL UNITS- FOOD & BEVERAGE
- RETAIL UNITS- CONVENIENCE
- RETAIL UNITS- SPECIALTY
- RETAIL UNITS- DUTY FREE

Source: The Developer

6.2.3 Landside Meeter/Greeter Plaza

There are two separate Meeter/Greeter areas within the Great Hall. Meeter/Greeter areas are landside areas where companions of travelers can wait for passengers to arrive. Passengers pass through one of the two Meeter/Greeter areas to access ground transportation. The Meeter/Greeter areas are both located on Level 5, on either end of the Airside Plaza. The Meeter/Greeter area to the south of the Plaza is for passengers arriving on domestic flights. These passengers will depart the AGTS train on Level 4, exit the secure area of the Airport and take an escalator up to Level 5, where they arrive at the north end of the Meeter/Greeter area. Commercial units will line both east and west sides of the area, along with units in the center. Passengers will enter the area in the center and will need to walk around either side of the Meeter/Greeter area to reach baggage claim carousals and ground transportation options.

The international Meeter/Greeter area serves the same purpose, but is accessed only by those passengers who arrive from international flights and must clear customs and immigration in Denver. Those passengers will arrive in Concourse A and take the pedestrian bridge to the Great Hall. Before arriving in the international Meeter/Greeter area, they will clear immigration and customs and claim their baggage. They will leave the secure area of the Airport upon arrival in the Meeter/Greeter area.

⁴² Units A5-32 and A5-20 located near the southern escalators (located on the left hand side of the diagram) are excluded from the current base case of commercial space as the arrival corridor width is under evaluation and these units may be affected by this change (1,560 sq.ft. in aggregate).

Exhibit 6-8: Proposed Meeter/Greeter Area Concessions

Category	Number of Units	Total Space (Sq.Ft.)	Sub Categories Included
Food and Beverage	10	12,594	Quick Service, Bar with Food, Casual Dining, Full Service
Retail	7	6,862	News and Convenience, Specialty Retail
Total	17	19,456	
Seating/Other	9	6,850	Seating, Money Exchange

Source: The Developer

As the Meeter/Greeter areas will act as holding areas for those awaiting for arriving passengers, there is ample seating available throughout the Meeter/Greeter areas. Those awaiting arriving passengers will be able to shop and eat at the concessions, as well as guests of the attached Westin Hotel and employees at the Airport. Since the areas are outside of the secure areas, they can be accessed by anyone at the Airport.

Seating options will include both common seating areas located in central areas and seating available inside food & beverage units. Those waiting for a flight will have access to interactive features including a central activity area which will help keep the space dynamic and engaging. There will also be screens available with constant updates on arriving flights.

The domestic Meeter/Greeter area has 15 commercial units in addition to a unit for ground transportation providers, a play area and 6 separate common seating areas. Retail units comprise 24% of the total domestic Meeter/Greeter area. There is one additional unit dedicated as an incubator space that will help test and develop new concepts for the Airport. This unit will change frequently, with short term leases designed to help local business owners and provide new concepts for passengers. The incubator unit is 1,000 square feet and nearly 5% of the total space. The incubator space is not included in the base case.

Since there is significantly less international O&D traffic at Denver, the international Meeter/Greeter area is significantly smaller than the domestic. In total it contains 3,010 square feet of commercial space with one 1,475 square foot food & beverage unit, one 1,475 square foot convenience retail unit and a 60 square foot kiosk for international currency exchange. There is also a dedicated seating area of 640 square feet. The space offers significant improvement for the overall customer experience at Denver as there are currently no commercial options available for arriving international passengers.

Exhibit 6-9: Proposed Level 5 Meeter/Greeter Area of Great Hall⁴³



Source: The Developer

⁴³ Note: Meeter/Greeter Areas are separated and passengers cannot move from one area directly to the other. The left image is the domestic meter & greeter plaza and the right image is the international meter & greeter plaza

Overall, the redesigned Great Hall will increase commercial space in the terminal by 130%. The Great Hall will maintain approximately the same amount of landside commercial space available to passengers before and after their journey as well as to Meeters/Greeters and Airport employees. But it will also create a brand new airside area totaling over 35,000 square feet that will change the passenger journey through the terminal.

Exhibit 6-10: Summary of Changes in Commercial Space

Landside	Existing Space	Future Space	Future vs. Existing
Food and Beverage	18,308	16,694	-9%
Retail	9,379	9,812	5%
Duty Free	0	0	
Total	27,687	26,506	-4%
Airside	Existing Space	Future Space	Future vs. Existing
Food and Beverage		15,110	
Retail		18,918	
Duty Free		3,027	
Total		37,055	
Total	Existing Space	Future Space	Future vs. Existing
Food and Beverage	18,308	31,804	74%
Retail	9,379	28,730	206%
Duty Free	0	3,027	
Total	27,687	63,561	130%

Source: The Developer

6.3 Tenant Concept & Brand Mix

Significant consideration was given to the best concepts for commercial units in the Great Hall. Sub-segment space allocations were developed based on:

- ▶ Analysis of the composition of the commercial programs at comparable airports;
- ▶ Performance of the sub-segment categories in comparable airports;
- ▶ Expected demand/wants of Denver Airport passengers and visitors, and the ability of the concepts to appeal to the targeted markets⁴⁴;
- ▶ The location of the Great Hall within the context of the entire Airport complex; and
- ▶ Footfalls within the Airside Plaza, Level 6 Ticketing Area and the Meeter/Greeter areas

Additional factors considered included:

- ▶ Passenger expectations regarding the types of concessions they will encounter at an airport;
- ▶ Concept categories with the greatest appeal, resulting in high capture rates;
- ▶ Concept categories with a more narrow appeal (and lower capture rates) placed in highly visible, high footfall areas to maximize productivity; and
- ▶ Service concepts such as foreign currency exchange to meet consumer expectations and demand, not to generate significant revenue.

In the Airside Plaza, in particular, there is an opportunity to create a robust retail program. The volume of passenger exposures allow specialty retail with its traditionally low capture rate, to be offered. Food & beverage productivity is challenging in this area due to the distance and logistics travelers face in getting to their gates. This can be offset by the development of an appealing airside ambience and offerings that meet the needs and desires of travelers. The Meeter/Greeter Hall is designed to cater to a number of different markets: Meeter/Greeters of arriving passenger as well as guests at the Westin Hotel and employees seeking food options on the non-secure side of the Airport. Level 6 concessions will also serve as a supplement to the Level 5 offerings.

⁴⁴ See Appendix for additional detail on target markets such as "Elites", Explorers" and "Aspirers"

Exhibit 6-11: Recommended Concepts for the Airside Plaza

Airside Plaza						
Full service dining	Casual dining (with bar)	Quick service (with/without bar)	Bar with food	Convenience retail (2 units)	Specialty retail	Duty free/duty paid
<ul style="list-style-type: none"> Varied menu/regional 	<ul style="list-style-type: none"> Mexican Diner 	<ul style="list-style-type: none"> Coffee Burger Italian Healthy/deli 	<ul style="list-style-type: none"> Sushi bar Wine bar Microbrewery 		<ul style="list-style-type: none"> Tech retail (2 units) Travel accessories Sunglasses Locally-themed, high-end souvenirs Personal care Lifestyle apparel (3 units) Jewelry High-end accessory boutique Home goods 	

Source: ICF

Exhibit 6-12: Recommended Concepts for Level 5 Meeter/Greeter Area

For the Level 5 Meeter/Greeter concession program, the following concepts are recommended:					
Full service dining	Casual dining (with bar)	Quick service (with/without bar)	Bar with food	Convenience retail (2 units – 1 in international Meeter/Greeter)	Specialty retail
<ul style="list-style-type: none"> Mexican 	<ul style="list-style-type: none"> Delicatessen 	<ul style="list-style-type: none"> Burger Italian Asian Coffee Gourmet market/juice (international Meeter/Greeter area) 	<ul style="list-style-type: none"> Small plates with contemporary bar 		<ul style="list-style-type: none"> Outdoor sports-focused Athletic wear Spa/massage

Source: ICF

When considering brands, it is important to consider key target markets⁴⁵ as well as offer brands that appeal to people in a wide variety of demographic categories.

A separate set of criteria was used to recommend specific brands for the Great Hall:

Exhibit 6-13: Factors Used in Brand Strategy

Food and Beverage	Retail
Addressing the preferences of the highest priority market segments.	
Creating variety and avoiding repetition of concepts	
Known attention to customer service	
Quick Service options for employees due to price points	Recognizable brands in the local market
A focus on unique, quality or consistent menu mix	

Source: ICF

⁴⁵ See Appendix for more detail on key market segments such as "Elites", "Explorers" and "Aspirers"

Concession brands are broken down in two different ways: Brand Penetration and Target Market.

Brand penetration is classified by three categories:

- ▶ **National/International:** Brands that are well known throughout the country or the world and have operating locations (or wide Internet usage) in multiple states and/or countries.
- ▶ **Local/Regional:** Brands that are well known in the Denver metropolitan area and/or throughout Colorado and adjacent states.
- ▶ **Proprietary/Non-Branded:** Locations that either operate without a brand, use a name which is made up solely for the location of the airport, or a brand that has been created by the operator and appears exclusively, or nearly exclusively, in airports and transportation hubs.

Each type of brand has a role. National/International brands can add prestige and provide “comfort/familiarity” to travelers, particularly in a hub where travelers may not be familiar with the region and its street-side offerings. Local/Regional brands provide a sense-of-place. They are unique to the region and help bring a local flavor to the Airport. These brands, if operated by the brand owner, also provide opportunities for local participation in the concession program. The final type of brand, Proprietary/Non-Branded, includes, to a great extent, all news/convenience retail operations, even those labeled with national brand signage. Those locations, regardless of the brand, are virtually identical to all of the “non-branded” news/convenience outlets. There are a number of company-owned specialty retail brands that also fall into this category. Proprietary/Non-Branded locations allow an airport to fill out its concession program by responding to needs that cannot necessarily be addressed otherwise. Proprietary/Non-Branded concessions also avoid licensing fees.

Target market was also considered:

- ▶ Luxury
- ▶ Upper Mid-Market
- ▶ Mid-Market

A balance among these brand categories is necessary. For food & beverage concessions, an equal split of about 45% International/National and Local/Regional brands with approximately 10% Proprietary/Non-Branded concessions should be appropriate to create both the sense of place for the local traveler and visitors. For example, the 10% Proprietary/Non-Branded may include bars which feature a number of different local craft brews that do not operate outside of the airport.

The mix of retail is somewhat different as all news/gift are considered to be Proprietary/Non-Branded. Therefore, a significant portion of brands will be Proprietary/Non-Branded, particularly when including a few specialty retail units. National/International brands will include status brands, and more commonly seen brands. A small segment of the retail program will be made up of Local/Regional brands to contribute to a sense-of-place and offer opportunities to local operators to participate in the airports’ concession program.

6.4 Summary of Sub-Concession Agreements

The Great Hall will use a Sub-Concession Agreement that provides structure to the commercial program, providing guidelines for vendors while not unduly restricting the vendor’s ability to manage their business and optimize productivity. A variety of documents served as the basis for the Sub-Concession Agreement, including the current Denver Sub-Concession Agreement and Sub-Concession Agreements from other airports in the U.S. and overseas. Each vendor will be a lessee of the Developers and will not have a direct relationship with the Owner.

Many of the underlying guidelines, such as pricing, discounts, lease duration, reporting, accounting, record keeping, sustainability guidelines, and audits match existing Airport guidelines. Other clauses such as those requiring vendors to participate in all branded promotions, participation in a loyalty program, performance audits, and other operational directives stem from best practices in airports around the world.

6.5 Summary of Commercial Pricing Policy

The Great Hall concession program will adhere to a pricing policy substantially similar to that utilized throughout the rest of Denver. The pricing policy was accounted for when setting sales and revenue targets. These guidelines do not represent a risk for the performance of the project. The most critical aspects of the policy are as follows:

1. For merchandise with a pre-printed price affixed by the manufacturer or distributor, the selling price at Great Hall shall not exceed the pre-printed price and such prices may not be changed;

2. For nationally and locally branded concessions with locations elsewhere in the Denver-Aurora Statistical Area, the selling price for goods and services at Great Hall shall not exceed the selling price for the same goods and services by more than ten percent (10%); and
3. For all non-branded, proprietary, or branded concessions not represented elsewhere in the Denver-Aurora Statistical Area, the selling price for goods and services at Great Hall shall not exceed the average selling price for similar or equivalent goods and services by more than ten percent (10%).

The benchmark establishments used for price comparison are to be within the Denver-Aurora Statistical Area and offer the same or substantially similar merchandise or services. Thirty days prior to opening a concession location, the operator is required to complete a price survey of all items that will be offered in the concession location. Every year thereafter, by no less than thirty (30) days prior to the anniversary of the Sub-Concession Agreement, the concession operator must complete a price survey that includes no less than the top twenty-five (25) selling items for food and beverage and specialty retail concessions.

Any requests for changes in pricing must be approved and justified based on price surveys or other substantive proof that the prices of the items at the benchmark location(s) have changed.

Pursuant the Airport policy, concession operators are required to offer a 10% discount on all food and non-alcoholic beverages purchased by Airport employees, Developer's Employees, the badged employees of other airport contractors/tenants, and employees of airlines operating at the Airport who have and display appropriate identification badges at the time of purchase. The discount applies to normal non-sale or non-promotional prices. Discounts on alcoholic beverages are not permissible.

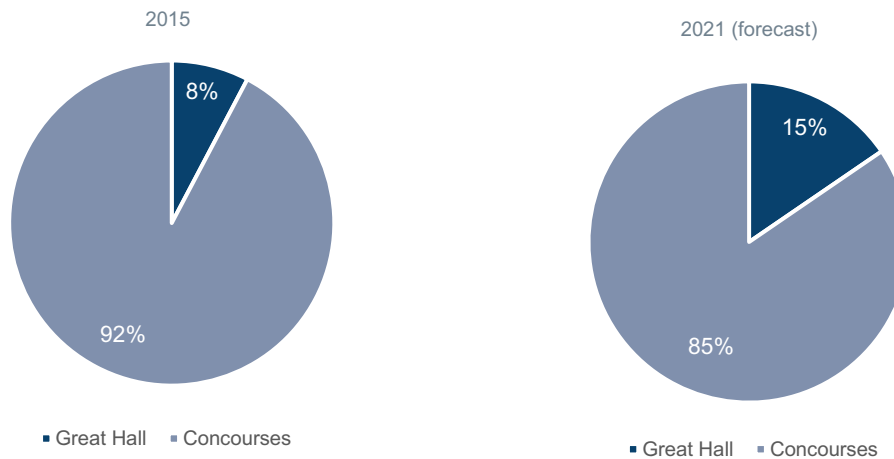
Retail or service businesses may elect to provide an employee discount of no more than 10% on any or all items offered within their shops. Such election shall be made prior to the Date of Beneficial Occupancy, and if the operator chooses to offer a discount, it shall state the product lines (or products) for which a discount will be given. The Developer will publish a list of the discounts offered by each concession operator on a periodic basis to encourage employees to shop in the Great Hall.

7. SALES AND REVENUE PROJECTIONS FOR THE PROJECT

7.1 Approach

As part of the business plan for the Great Hall Project, ICF developed projections of commercial sales and revenue for the enterprise. This modeling effort presented certain challenges that are not typically found at other airports. With the creation of the Great Hall Project, the Developer will manage and develop all of the commercial areas within the Jeppesen Terminal (including airside concessions within the Great Hall), while as the same time the Airport will continue to manage and develop the commercial areas within the airside concourses. This division of airside commercial activities created a challenge in estimating the Great Hall sales as a standalone enterprise. Passenger sales and spend rates are typically reported on an airport-wide basis or by airside/landside. As a result of this dynamic, ICF was unable to directly benchmark the Great Hall performance space with other US airports. Instead, ICF needed to develop a multi-step approach which adjusted the Great Hall sales performance for differences in this Project to other airports.

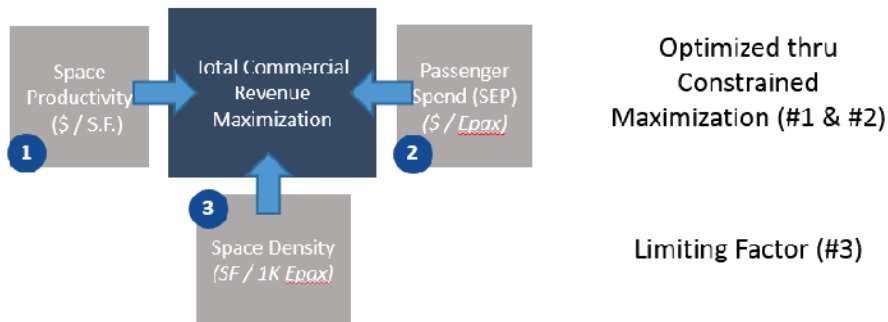
Exhibit 7-1: Commercial Sales Distribution between Jeppesen Terminal and the Concourses, 2015 & 2021



Source: Denver International Airport

As described earlier in this report, airport commercial planners typically use the three metrics to evaluate the potential commercial sales that could be generated from a commercial program. These metrics are: *space productivity*, passenger *spend rates* (SEP), and *space density*, and are interlinked⁴⁶. Using this approach, ICF created a “constrained maximization” model to simultaneously solve for space productivity and SEP variables, while limiting sales performance for space density to within industry standards.

Exhibit 7-2: Key Metrics Used to Project Commercial Sales



Source: ICF

⁴⁶ These metrics are described in Section 4.2.1

7.2 Methodology

ICF developed a “constrained maximization” model using the metrics described above. We first studied US airports and selected a peer group of airports that had a comparable space profile and discrete level of detail so that we could separately analyze airside and landside performance on a concourse/terminal level. ICF used this cohort to establish the potential revenue generation at the Airport as a whole, and also of specific areas within the Airport (landside, airside, Meeter/Greeter areas separately for retail and F&B).

From this analysis we created space productivity and passenger spend ranges of performance for seven categories: landside retail, landside F&B, airside retail, airside F&B, Meeter/Greeter retail, Meeter/Greeter F&B and duty free. This provides us with maximum simple SEPs (based on passenger spend benchmarks), and implied SEPs (based on space productivity benchmarks). The model then selects the lesser of the two maximum SEPs, resulting in a reasonable sales projection for the Great Hall Project by each of the seven categories, considering their current performance and expected upgrades to a best in class program. As a final check, we compare our results for reasonableness against space productivity and SEPs at other North American airports.

This limits set the constraints in our model. We then input the space, by category, proposed for the Great Hall Project. The individual ranges are further limited by a comparison of SEP for retail, F&B, and Duty Free on a total Airport basis. One of the primary conditions of our analysis was that while the Great Hall would be a best-in-class project, Great Hall SEP’s could not be out of line with the current commercial performance seen at U.S. airports today. So to further limit our comparison, we limited performance to the 92nd percentile of SEP of the top 50 airports in the US.

The output of the model produces an optimized sales projections for the Great Hall Project by each of the 7 categories. This is compared for reasonableness against other airports based on Space Productivity and SEP benchmarking and created sales projections on like for like commercial space basis. However, the Great Hall airside space, separated from the concourses by a train, has unique characteristics for which we needed to make further adjust to address.

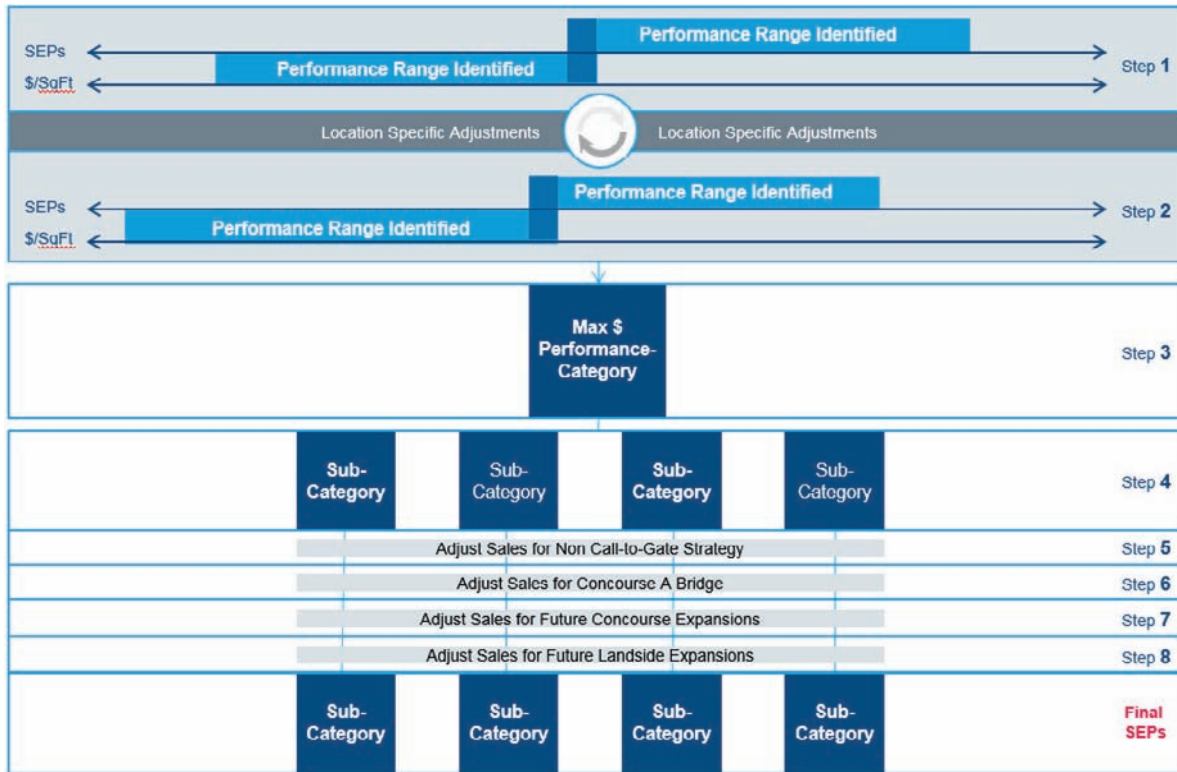
To project future performance in the Great Hall, ICF estimated the “Implied” SEPs based on the assumption of maximum Space Productivity in each category. ICF determined the highest reasonable Space Productivity on a square foot basis, multiplied this by the planned space for the category and divided it by the total number of O&D passengers forecast. This “Implied” SEP formed the base calculation. From this “base” SEP, ICF made a series of adjustment that reflect the unique aspects of the Great Hall Project. These adjustments either positively or negatively impact SEPs based on our assessment of impact.

The steps in the methodology are summarized below on the next page and then subsequently described in more detail throughout the remainder of this section.

SEP Methodology

1. Identify Expected Ranges of Performance;
2. Adjust for Airside Location Preference;
3. Identify Maximum Expected Productivity;
4. Distribute Productivity to Sub-Categories;
5. Adjust Sales for Non Call-to-Gate Strategy
6. Adjust Sales for Concourse A Bridge;
7. Dilute Sales for Future Concourse Expansions; and
8. Adjust Sales for New Passengers and Future Landside Expansions.

Exhibit 7-3: SEP Methodology, Great Hall Project



Source: ICF

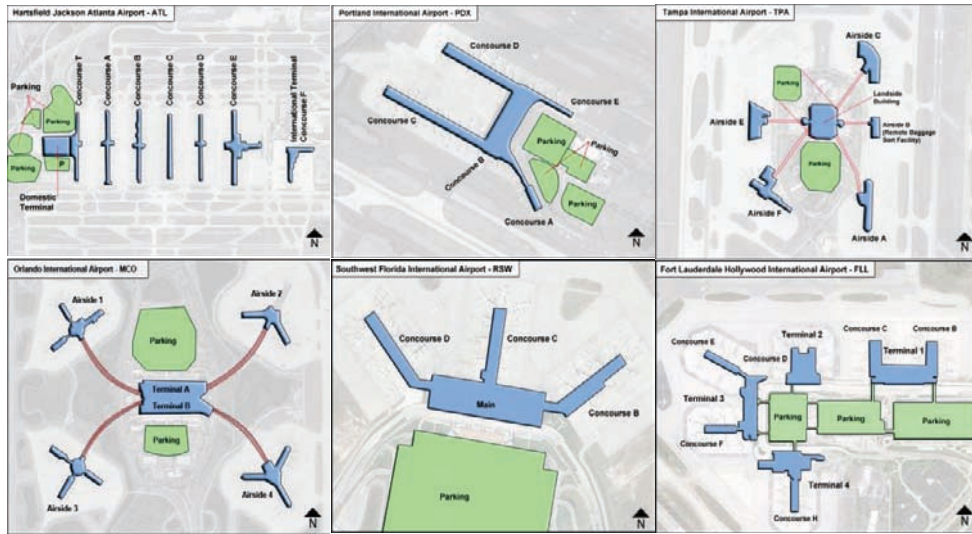
7.3 Denver Passenger Spend Rate Analysis

7.3.1 Step One: Identify Expected Ranges of Performance

ICF selected a peer group of comparable airports and considered various metrics, including program size, sales productivity and passenger profile to develop ranges of realistic SEP’s for each segment of the Airport.

ICF created a 2015 unit level sale performance data set from comparable major U.S. airports which we used to analyze the Great Hall performance, and the overall commercial program at Denver. The airports selected as benchmarks were Atlanta Hartsfield International (ATL), Ft. Lauderdale Hollywood International (FLL), Orlando International (MCO), Portland International (PDX), Tampa International (TPA) and Southwest Florida International (RSW). ICF considered a number of attributes in its selection process for benchmarks, including airside/landside mix, physical layout, and financial performance, and selected these airports because they are most comparable to Denver and had elements similar to the proposed Great Hall project. The layout of these airports are shown in Exhibit 7-4:. For instance, Tampa, Orlando, Portland and Fort Myers all have more than 25% of total commercial space located in a pre-security environment. At Denver, the Great Hall is expected to comprise 25% of pre-security commercial space and shares common characteristics to these other airport’s airside space profile, including distance from gates and lack of walking connectivity to gates. Atlanta Hartsfield International Airport has a number of similar characteristics as Denver. ATL has a landside program which is roughly the same size as the proposed Great Hall landside space and exhibits a similar connecting traffic flow pattern to Denver (with a large portion of airport traffic driven by one carrier, and a relatively small share of international passengers). The airport peer group include three airports with train access between the main terminal and remote concourses (similar to Denver), and three airports with concourse access via a bridge (similar to Denver Concourse A).

Exhibit 7-4: Layouts of Comparable Airports (2016)



Source: iFly

Based on ICF’s assessment of space productivity at each of the benchmark airports, we believe the existing commercial program at Denver is significantly undersized relative to its current traffic and underperforming. Using performance metrics, we believe that Denver has the potential to generate significantly more revenue - if commercial space at Denver were expanded.

Exhibit 7-5: Benchmark of Airport Space Density (2015)

Code	Sq.ft. / 1,000 Enplanements			
	F&B	Retail	Duty Free	Total
PDX	6.83	3.90	0.00	10.73
TPA	7.62	2.36	4.79	9.98
MCO	5.46	4.34	3.71	9.80
RSW	5.13	4.00	0.00	9.13
DEN	4.70	1.86	0.96	6.56
FLL	4.41	1.96	0.66	6.37
ATL	3.18	1.81	3.75	4.98
Avg.	5.33	2.89	1.98	8.22

Source: Airport Revenue News 2015

The lack of commercial space at Denver creates high space productivity within its existing offerings, which is evidenced in the sales per square foot compared to the peer group. However, the limited space limits the total sales the Airport can achieve. While added space is likely to decrease the productivity of the current program, it will likely lead to greater overall total sales and increased SEP.

Exhibit 7-6: Benchmark Airport Space Productivity, Sales/s.f. (2015)

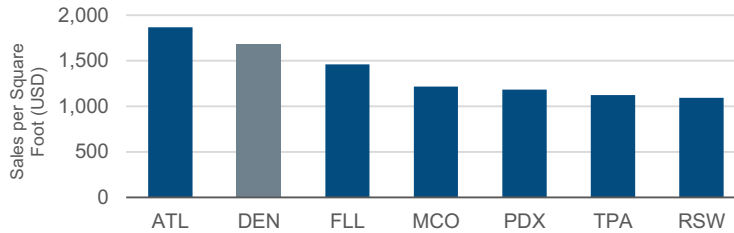
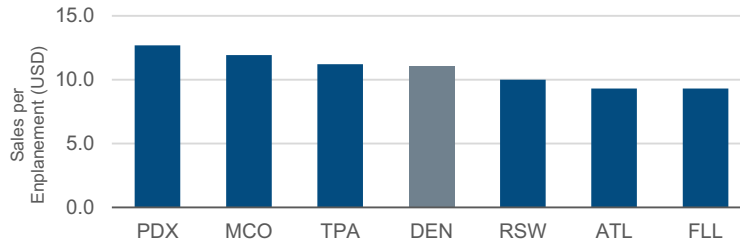


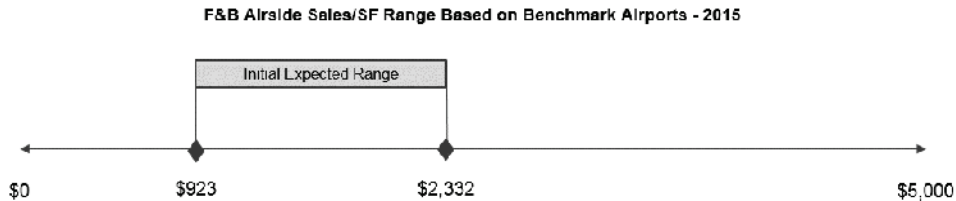
Exhibit 7-7: Benchmark Airport SEP, \$/Enplaned passenger (2015)



Source: Airport Revenue News 2015

Based on our benchmarking analysis, the existing Denver concession program is not fully realizing its potential and could support additional commercial space. The Great Hall will increase the overall size of Denver’s commercial program by 28% and is likely to lead to higher overall SEP for the Airport. In addition, passenger traffic growth at Denver, including strong growth in 2016, further contributes to the need for additional commercial space. As an illustrative example, the range of expected performance of airside food and beverage units is presented below:

Exhibit 7-8: Initial Benchmarked Range of Performance, Airside Sales/SF, 2021 Projected (in real 2016 prices)



Source: ICF Analysis, Airport Sales Reports

Based on ICF’s study of performance at benchmark airports, we established the ranges of Space Productivity performance for each commercial segment of the Great Hall based on benchmark airports are shown below.

Exhibit 7-9: Category Level Constraints Based on Benchmarks, 2021 Projected (in real 2016 prices)

Type	Airside/Landside	Sales/Square Foot	
		Low Constraint	High Constraint
F&B	Airside	923	2,332
F&B	Landside	446	1,493
F&B	Meeter/Greeter	223	746
Retail	Airside	1,190	2,767
Retail	Landside	573	1,331
Retail	Meeter/Greeter	287	665
Duty Free	Airside	810	2,950

Note: All figures in 2016 dollars
Source: ICF Analysis

Step 1: Summary:

The initial step was to determine the Implied SEPs resulting from benchmark space productivity and apply them to the Great Hall planned space and expected passenger volumes. We developed reasonable ranges for each set of SEPs that we believed the Great Hall could perform within based on benchmark airports. We calculated the maximum sales for each category based on the Implied SEPs – the maximum sales per square foot of the reasonable benchmark range, multiplied by the planned square footage in each category and then divided by the total O&D traffic forecast at the Airport. The resulting SEP provided the starting place for more detailed analysis of the Great Hall space.

The total Great Hall SEP based on Step 1 analysis is \$6.02.



7.3.2 Step Two: Adjust for Airside Location Preference

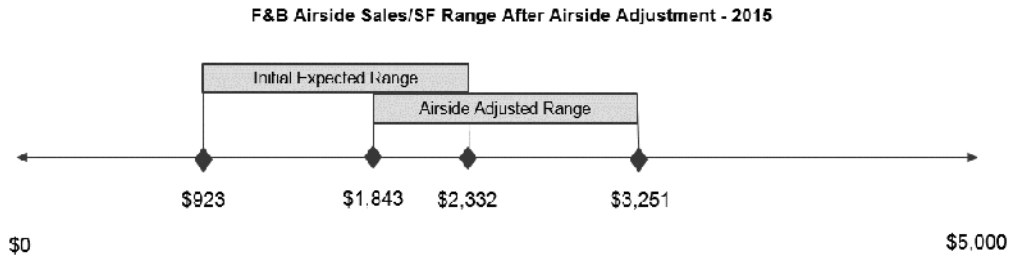
ICF considered the impact of location on productivity and sales performance and developed a dilution factor to adjust for locational difference between the Great Hall and airside space comparison at benchmark airports. While the peer group include airside space that is largely located within concourses, the Great Hall is located away from airline gates.

ICF modeled the relative difference in commercial performance between gate-adjacent and non-gate adjacent airside space at several US airports where we were able to obtain a significant level of detail. Using unit level detail, ICF mapped comparable space performance within the same airport to quantify the differences in overall commercial program characteristics.

Comparing gate adjacent commercial units versus commercial units in common or transitory areas revealed certain performance patterns. For food & beverage, units in common areas and away from gates generated lower SEPs but higher sales per square foot than units in a concourse area. This is due to high passenger footfall, increasing the number of transactions in a given space, but with a lower capture rate as a share of total potential customers. Retail units were not impacted as retail tends to be an impulse purchase where as food and beverage is sought after in an airport.

Based on these results, ICF adjusted the expected ranges of performance in our constrained maximization model for all airside food & beverage units. Space productivity (sales per square foot) was adjusted upward by 54%, the ratio at which non-concourse space exceeded the performance of concourse (gate-adjacent) space.

Exhibit 7-10: Airside Adjusted Ranges of Performance, Airside F&B and Sales/SF, 2021 Projected (in real 2016 prices)



Source: ICF Analysis

The results were used to adjust our modeling constraints. The Implied SEP constraints remained unchanged with the exception of Airside food & beverage.

Exhibit 7-11: Final Category Level Space Productivity Constraints Based on Benchmarks, 2021 Projected (in Real 2016 Prices)

Type	Airside/ Landside	Sales/Square Foot	
		Low Constraint	High Constraint
F&B	Airside	1,843	3,251
F&B	Landside	446	1,491
F&B	Meeter/Greeter	223	746
Retail	Airside	1,189	2,764
Retail	Landside	573	1,330
Retail	Meeter/Greeter	286	665
Duty Free	Airside	809	2,947

Note: All figures in 2016 dollars
Source: ICF Analysis

Step 2: Summary:

Analysis showed that due to the higher passenger footfall a common-use centralized airside space, F&B units are highly productive on a space basis with a relatively low SEP. As such, we adjusted our F&B airside space productivity range upward to reflect this passenger volume impact. The comparison of retail space productivity and SEP performance indicated little difference between centralized airside space and space nearby an airline gate. Our conclusion was that passengers are less willing to eat in a central area, further away from the gates, than to shop there. As a result, we made no adjustment in the retail metrics.

The total Great Hall SEP based on Step 2 analysis increased by \$0.69 to a total of \$6.71.



7.3.3 Step Three: Estimating Maximum Expected Productivity

In addition to modeling the expected range of performance based on Space Productivity for each category, ICF also modeled the expected range of real SEP performance for each category based on the same set of original benchmark airports. In order to make sure that each SEP forecast was reasonable and achievable, a constrained maximization formula was applied to the two sets of benchmarks. Based on the assumption that the Great Hall will be best in class, the formula determines the SEP by identifying the lesser of the maximum SEP and Implied SEP which is based on Space Productivity. By identifying the lesser of the two maximums, the resulting SEP must fall within the constraints of both sets of benchmarks.

Exhibit 7-12 below presents the input constraints and the resulting outputs to achieve the greatest sales possible for the Great Hall Project in total.

Exhibit 7-12: Constrained Optimization Model Inputs and Outputs, 2021 Projected (in real 2016 prices)

SEP Maximization Parameters	Inputs						Outputs			
	SEP Constraints		Sales/Ft ² Constraints		Square Footage	Enplanements 2021	Implied Sales	SEP Outputs	Implied Sales/Sqft	Sq Ft/1k Epax
	Low	High	Low	High						
GH Components										
F&B Airside	\$0.42	\$2.98	\$1,843	\$3,251	15,110	20,026,660	\$49,124,035	\$2.45	\$3,251	0.8
F&B Landside	\$0.25	\$1.86	\$446	\$1,491	4,100	20,026,660	\$6,114,505	\$0.31	\$1,491	0.2
F&B Meeter/Greeter	\$0.13	\$0.93	\$223	\$746	12,594	20,026,660	\$9,390,985	\$0.47	\$746	0.6
Retail Airside	\$1.41	\$3.41	\$1,189	\$2,764	18,918	20,026,660	\$52,287,938	\$2.61	\$2,764	0.9
Retail Landside	\$0.07	\$1.85	\$573	\$1,330	2,950	20,026,660	\$3,922,151	\$0.20	\$1,330	0.1
Retail Meeter Greeter	\$0.04	\$0.93	\$286	\$665	6,862	20,026,660	\$4,561,661	\$0.23	\$665	0.3
Duty Free Airside*	\$1.30	\$3.94	\$809	\$2,947	3,027	925,537	\$3,651,202	\$3.94*	\$1,206	3.3
Total Great Hall										
Total Great Hall F&B					31,804	20,026,660	\$64,629,525	\$3.23	\$2,032	1.6
Total Great Hall Retail					28,730	20,026,660	\$60,771,749	\$3.03	\$2,115	1.4
Duty Free Airside*					3,027	20,026,660	\$3,651,202	\$0.18*	\$1,206	0.2
Total Great Hall	\$2.32	\$11.96	\$729	\$3,769	63,561	20,026,660	\$129,052,476	\$6.44	\$2,030	3.2

Note: All figures in 2016 dollars (1) (2) (3) (4) (5) (6) (7) (8) (9) (10)
 * Duty Free benchmark comparison is typically made based on international enplanements. However, for model projection purposes ICF forecasts using total airport O&D enplanements.

Source: ICF

In the table above, the constraints in columns 1 thru 4 were established thru comparison with benchmark airport performance in the relevant categories. Columns 5 and 6 were ICF inputs based on the Great Hall Commercial Program area and our traffic forecast.

Column 7 presents the implied sales which are expected in 2021 by estimating the lesser total of the high Constrained SEP multiplied by enplanements and the high Constrained Space Productivity multiplied by square feet.

Columns 8 and 9 indicate where the optimized results lie within the SEP constraints and the Space Productivity Constraints. Column 10 indicates the space density measure of the optimized result.

In assessing the model outputs, ICF notes that all revenue categories were constrained by the upper range limit of space productivity, with the exception of Duty Free. This means the SEP forecast for each of these categories are unchanged from Step 2. For Duty Free however, the Space Productivity forecast would result in an SEP that was beyond the maximum SEP constraint identified. Therefore we adjust the SEP downward to the maximum, \$3.94 per international O&D passenger. As calculated in terms of total Airport O&D enplaned passengers this creates a Duty Free SEP of \$0.18.

Step 3: Summary:

We compared our initial implied SEPs from space productivity benchmarks to simple SEP benchmarks. The lower of the two expected SEPs was used. This only impacted Duty Free sales, lowering the expected SEP to a more reasonable \$3.94 per international enplanement.

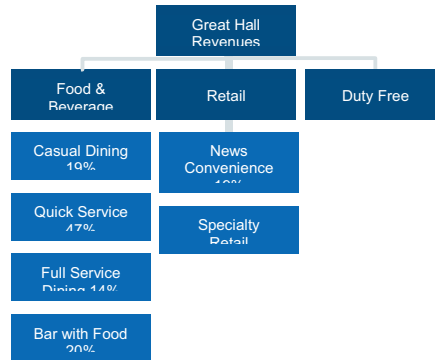
The total Great Hall SEP based on Step 3 analysis decreased by \$0.26 to a total of \$6.44.



7.3.4 Step Four: Distribute Productivity to Sub-Categories

Under the terms of the Agreement with the Owner, the revenue analysis needed to be developed at a “sub-category”⁴⁷ level. To accomplish this, ICF distributed SEP at a category level based on a percentage basis. ICF analyzed sales from peer group airports where we had highly detailed information and investigated the distribution of category sales between sub-categories. This resulted in expected ranges of SEP contribution on a subcategory basis. ICF then used the constrained maximization model described in Steps 1-3 to solve for the optimal mix of sales on a sub-category level. This formed the basis for projecting commercial SEP on a sub-category basis.

Exhibit 7-13: Great Hall Airside Commercial Revenue Distribution by Sub-Category



Source: ICF Analysis

As an example, the resulting food & beverage sub-category SEP allocation and values for 2021 are presented below:

Exhibit 7-14: Food & Beverage Sub Segment SEP Allocation, 2021 Projected (in real 2016 prices)

Category	Sales Allocation	SEP	Category	Sales Allocation	SEP
Airside F&B		\$2.45	Airside Retail		\$2.61
Full Service Dining	14%	\$0.34	News and Convenience	19%	\$0.50
Casual Dining with Bar	19%	\$0.47	Specialty Retail	81%	\$2.11
Bar with Food	19%	\$0.47			
Quick Service	48%	\$1.16			
Level 6 F&B		\$0.31	Level 6 Retail		\$0.20
Bar with Food	41%	\$0.13	News and Convenience	100%	\$0.20
Quick Service	59%	\$0.18	Specialty Retail		
Meeter/Greeter F&B		\$0.47	Meeter/Greeter Retail		\$0.23
Full Service Dining	17%	\$0.08	News and Convenience	70%	\$0.16
Casual Dining with Bar	13%	\$0.06	Specialty Retail	30%	\$0.07
Bar with Food	13%	\$0.06			
Quick Service	57%	\$0.27			

Note: All figures in 2016 dollars

Source: ICF

Step 4: Summary:

To provide additional detail in terms of how the sub-segments will generate sales, we determined the most applicable benchmark airport for each segment and location based on space allocation to the sub-segments. Following the selection of the benchmark airport, we allocated the sales to sub-segments based on the contribution to sales for the segment at the benchmark airport. Each sub-segment’s performance was checked against a wider set of benchmarks for SEPs and space productivity.

The total Great Hall SEP based on Step 4 analysis remains the same at \$6.44.

⁴⁷ Sub-categories include under Retail: News/Convenience and Specialty Retail and under Food & Beverage: Casual Dining, Quick Service, Full Service Dining and Bar (with food)

7.3.5 Step Five: Adjust Sales for Non Call-to Gate Strategy:

The Airside Plaza, in addition to being distant from the aircraft gates, is also separated from the Concourses by the AGTS. This creates an additional level of separation in the passenger journey which impacts passenger spend. There are two main factors that must be taken into account. First, the DEN passenger profile includes a substantial number of passengers (approximately 70%) who fly three or more times per month. These passengers will be comfortable with the layout of the Airport and therefore will freely choose where to spend time, shop and dine through their journey at Denver, including in the Airside Plaza. Furthermore, the Airside Plaza has been designed to provide information to the passengers regarding flights and train frequency in order to facilitate longer dwell times in the Airside Plaza. Frequent travelers propensity to spend more when closer to the gates has already been captured in the previous steps.

However, less frequent travelers may be more impacted by the separation between the Great Hall and the Concourses. These passengers may be concerned with the length of time it will take to arrive at their gate via the train system and as a result may be inclined to avoid any stops in the Airside Plaza in favor of proceeding immediately to their Concourse.

This effect could be reduced or eliminated altogether by utilizing a strategy commonly used in Europe known as a call-to gate. A call-to-gate involves waiting to announce assigned boarding gates until a specified time before the departure of the train to the Concourse. At this point in time however, the Airport and the airline community is not willing to take this direction, remaining as a potential upside for the future.

Airport passenger segmentation reports have classified around 20% of the passengers as "uneasy early birds" which fit the characteristics of passengers who may be included to skip any concessions in the Great Hall. In order to account for this, ICF has assumed 50% of these passengers will avoid spending any time in the Airside Plaza at all. Therefore, a 10% total dilution is made to the expected sales in the Airside Plaza.

Step 5: Summary:

The "no call to gate" discount represents a 10% reduction to airside concession sales. We have assumed that half of the most nervous classification of passengers will avoid stopping for any concessions in the Airside Plaza and will proceed directly to their departure concourse. The other half will engage with Great Hall concessions at the rate of average passengers.

The total Great Hall SEP based on Step 5 analysis decreased by \$0.47 to a total of \$5.97.

7.3.6 Step Six: Adjust Sales for Concourse A Bridge Effect:

Passengers heading for Concourse A must make the decision to take the escalator to level 5 (the Airside Plaza) and then to level 4 to use the AGTS or to walk over the Concourse A Bridge. If choosing to walk over the Bridge, passengers will bypass the Airside Plaza commercial offerings. To estimate the impact of the Concourse A Bridge, ICF reduced the effective Airside Plaza SEP by calculating gross sales as the product of Airside Plaza SEPs and O&D Enplanements, less the estimate of those passengers using the Concourse A Bridge.

Step 6: Summary:

The impact of passengers bypassing the Airside Plaza via the Concourse A Bridge was calculated by reducing the expected sales total in the Airside Plaza by number of passengers that will be diverted. This new sales total divided by the total Airport O&D provides the updated total Great Hall SEP.

The total Great Hall SEP based on Step 6 analysis decreased by \$0.69 to a total of \$5.28.

7.3.7 Step Seven: Dilute Sales for Future Concourse Expansions

To this point, the Great Hall Commercial Sales projections were developed assuming that commercial space in the Concourses were to remain static. However, the Owner is currently developing plans to expand certain commercial areas in the concourses, and this space expansion will impact the commercial concessions in the Great Hall.

Adding commercial space within the concourses will generate incremental sales for the Airport as a whole. However, it will also have some dilutive effect on the productivity of the entire commercial program. The impact will be shared between the concourse concessions and the Great Hall concessions. ICF therefore factored into

its projections the additional sales that the new concession space would be expected to generate, and the dilution effect that these sales would have on the existing commercial units.

ICF modeled Denver’s increased sales based on the additional commercial space and used commercial space density to provide guidance on the expected overall growth in sales for Denver. ICF evaluated productivity of new space assuming that the airside program would be at the high end of the normal appropriate sizing. ICF used the median performance of comparable airports to estimate the future new commercial space productivity of the concourses. This formed the basis of our assumptions regarding future productivity levels and estimates of the dilution effect on future sales.

First ICF projected airport-wide sales by multiplying our estimates of SEP’s by the space in the total Airport, including the additional concourse space, without dilution. Then, ICF estimated a hard cap for total Airport performance by each category, based on benchmarking peer group performance for 2015. Airport-wide sales in excess of this cap are considered “excess sales” and were subtracted from category locations throughout the Airport. F&B and Retail hard caps represent the 92nd percentile of top North American airport commercial programs while the Duty Free hard cap is set at the 70th percentile based on the peer airports’ composition of international passengers compared to DEN, and DEN’s current performance levels. ICF included moderate growth in the caps over the term of the forecast.

Exhibit 7-15: Dilution of Airportwide SEPs from Added Concourse Commercial Space

	Existing SEP	Expected SEP Undiluted 2021	Hard Cap 2021
F&B	\$7.70	\$10.69	\$7.98
Retail	\$3.27	\$5.68	\$5.64
Duty Free	\$4.33	\$5.17	\$8.89
Total	\$15.30	\$21.54	\$22.51

Note: All figures in 2016 dollars

Source: ICF

Finally, Airport sales were re-allocated between the concourses and the Great Hall. ICF believes that some portion of the lost potential sales will be realized by the expanded concourse space, and some by the Great Hall Project. To distribute this impact, ICF examined each segment and assumed the split would be dictated by two factors: Passenger volumes and an airside dilution factor. ICF does not anticipate the Great Hall to experience a share of lost sales exceeding the ratio of O&D enplanements to total enplanements. Therefore, at most only 60% of sales lost could be absorbed by the Great Hall, based on the 60% of Denver passengers who flow through the Great Hall.

ICF then approximated the proportion of sales from O&D enplanements that will be lost from the Great Hall due to the expanded and improved concourse commercial program. This assessment was based on the demonstrated propensity of passengers to spend at units closer to their gates, given otherwise equivalent options. As demonstrated in Step 2, there is a 73% dilution of O&D passenger spend at food & beverage units that are located in non-concourse space. This dilution factor is therefore applied to the total Airport’s lost sales, with the Great Hall absorbing a loss of Airside F&B sales equal to 73% of the excess F&B sales identified. Retail sales dilution are shared equally between the Great Hall and the concourses. However, given the under sizing of the retail program overall, ICF believes that there will be no dilution of retail sales in the Great Hall. Even with expanded retail options in the concourses, ICF’s analysis indicates that there will be still sufficient passenger demand for the offerings presented in the Great Hall.

Step 7: Summary:

The concourse expansion dilution amount is the result of the analysis described in Step 3. We estimate total Airport sales by assuming a productivity for the potential new concourse space. Following this calculation, the new implied airport wide SEP was deemed to be unreasonably high given our estimates for the Great Hall and the new concourse SEPs. We determined that the DEN Airport SEP will be best in class, and we could reasonably expect it to be in the top 92nd percentile of US airports in terms of SEPs. As such, we capped performance at the 92nd percentile of benchmarks. We then had to adjust the sales downward in the concourses and Great Hall to back into this number. In allocating the sales dilution between the concourses and Great Hall, we apply the analysis from Step 3, resulting in the Great Hall absorbing 73% in F&B sales dilution, and 50% in retail sales dilution.

The total Great Hall SEP based on Step 7 analysis decreased by \$1.63 to a total of \$3.65.



7.3.8 Step Eight: Adjustment for Future Landside Expansions

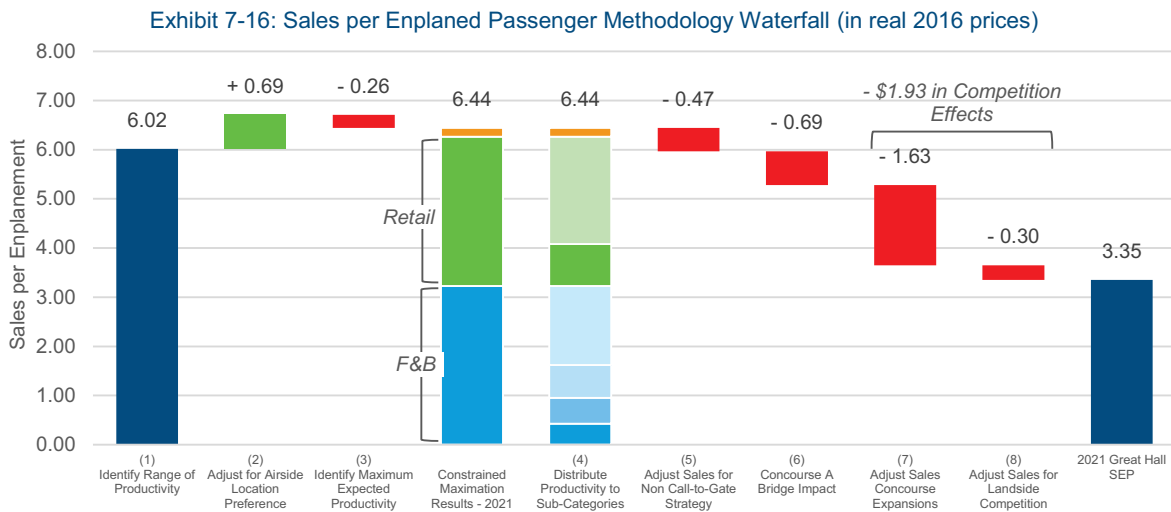
The Airport is also considering additional development of landside commercial space outside of the Great Hall inside the Hotel and Transit Center. Additional landside units would operate in competition with Great Hall landside units. To account for this possibility, it is assumed that landside units will see a reduction in sales of 25%.

Step 8: Summary:

The total Great Hall SEP based on Step 8 analysis decreased by \$0.30 to a total of \$3.35.

7.4 Summary Results and Overall Benchmarks

Exhibit 7-16 presents the cumulative adjustments to SEP in the form of a waterfall chart.

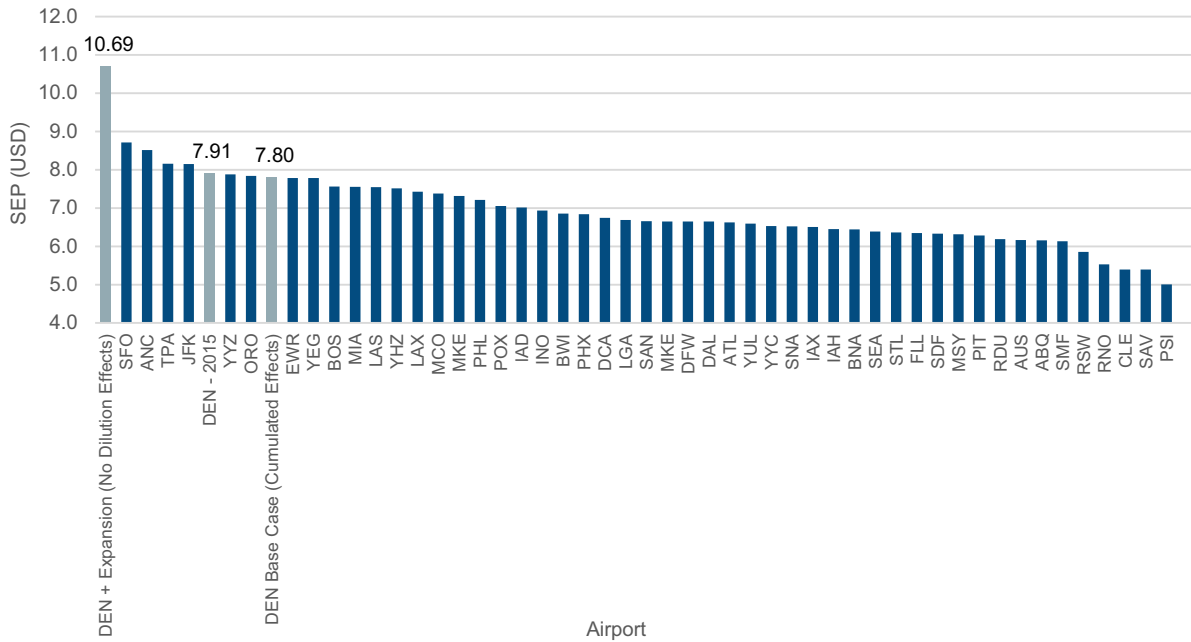


Note: All figures in 2016 dollars
Source: ICF

The results, summarized in Exhibit 7-17:Exhibit 7-18: below, show that with the completion of the Great Hall, Denver will have one of the leading US airport commercial programs⁴⁸. This is consistent with the existing plans to develop a state of the art facility in the Great Hall, offering enhanced food & beverage and retail options to travelers. The proposed commercial program will be more balanced and targeted to what passengers want than is currently offered. Denver is expected to benefit from the expanded retail space relative to total enplanements, bringing the Airport closer in line with best in class North American airports. However, our analysis also shows the results that are achievable, and within the performance of other US airports today.

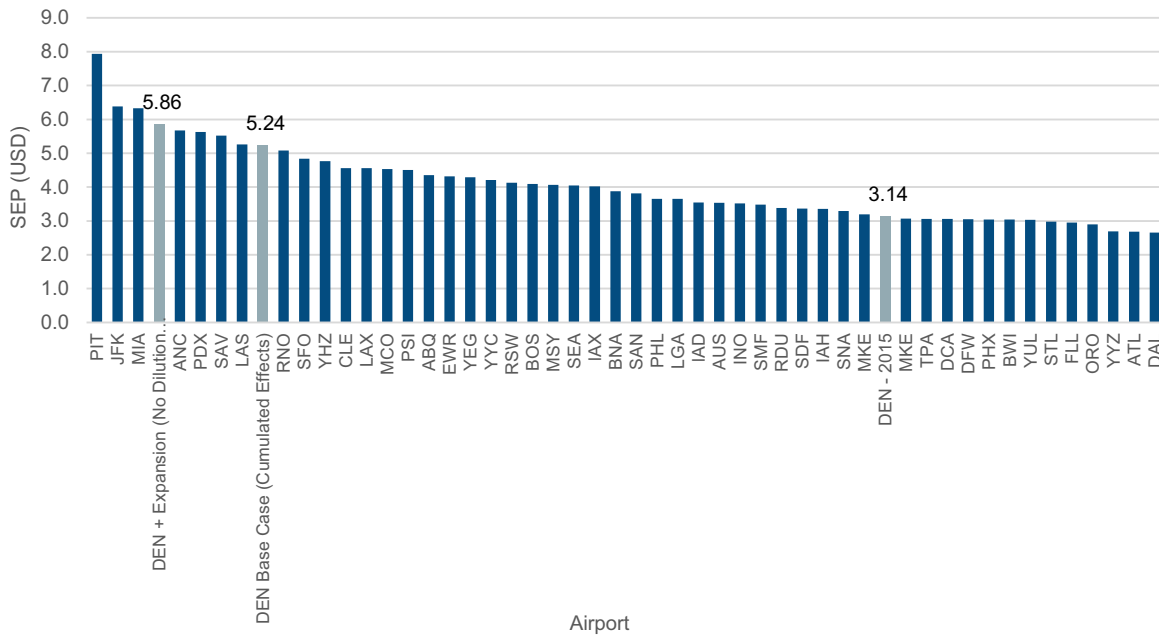
⁴⁸ Note that the value included in the financial projections is the one labeled as DEN Base Case (Cumulated Effects)

Exhibit 7-17: North American Airport Sales per Enplaned Passengers – Food & Beverage (in real 2016 prices)



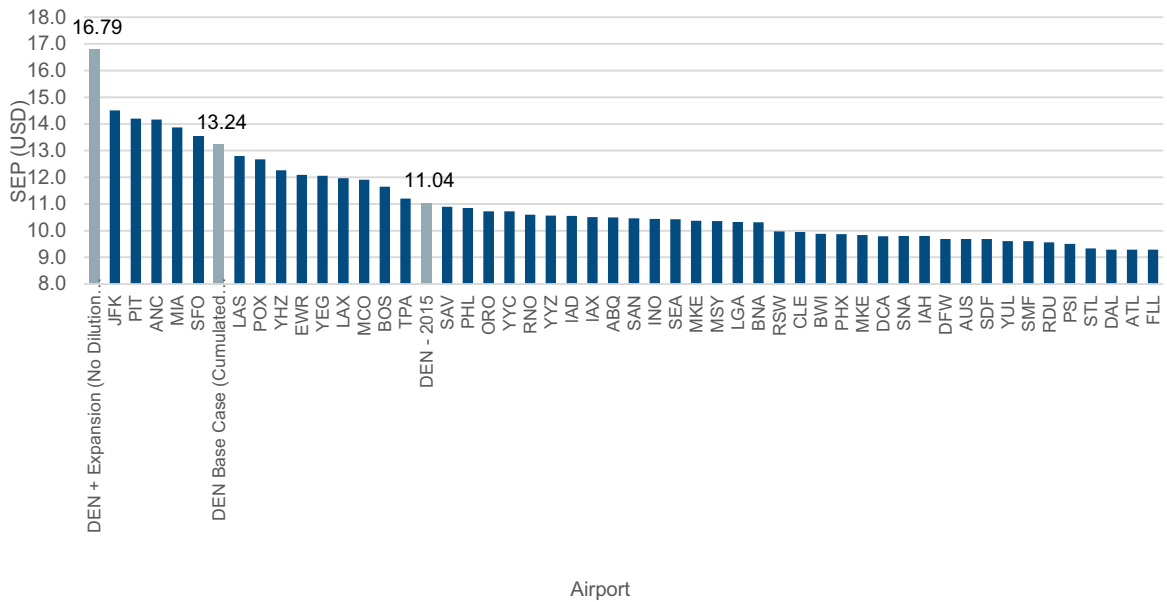
Source: Airport Revenue News 2016, ICF Analysis

Exhibit 7-18: North American Airport Sales per Enplaned Passengers – Retail (in real 2016 prices)



Source: Airport Revenue News 2016, ICF Analysis

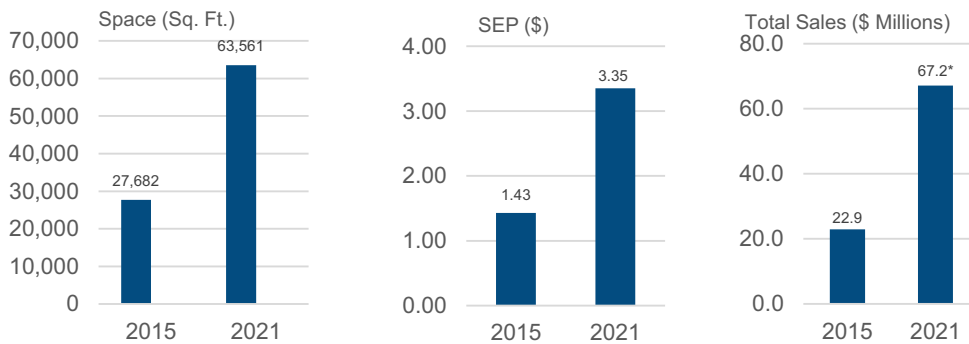
Exhibit 7-19: North American Airport Sales per Enplaned Passengers –Airport Wide (in real 2016 prices)



Source: Airport Revenue News 2016, ICF Analysis

In summary, the development of the Great Hall Project will grow Commercial Space within the Jeppesen Terminal from 27,682 s.f. today to 63,561 s.f. in 2021. The mix of this space will be substantially changed from all landside today to 26,506 s.f. landside and 37,055 s.f. airside. The result of the Great Hall Project will be adding significantly more space and significantly more valuable airside space to the Jeppesen Terminal. By creating a new layout and purpose build design; a space which a large percent of the O&D passenger at the Airport will flow thru, this will generate much higher passenger spend rates within the Great Hall. Spend per enplaned passenger (SEP) are project to grow from \$1.43 per enplaned passenger in 2015 to \$3.35 per enplaned passenger in 2021, in real terms. This will generate a much greater level of total sales within the terminal. Total sales, for the Jeppesen Terminal are projected to grow from just under \$23 million in 2015, to an estimated annualized total of \$67 million in 2021⁴⁹. In the first full year of service in 2022, annual sales are projected at \$71 million.

Exhibit 7-20: Summary Commercial Performance of Jeppesen Terminal 2015 vs Great Hall 2021



Note: * 2021 sales are estimated for a full year. Actual 2021 sales are lower as the Great Hall is not fully operational until the final two months of 2021.
Source: ICF, in 2016 Real Dollars

⁴⁹ Because the Great Hall is only fully open for two months in 2021, actual sales estimates are lower for the year. Full sales are achieved starting in 2022.



8. OPERATING EXPENDITURES

8.1 Introduction

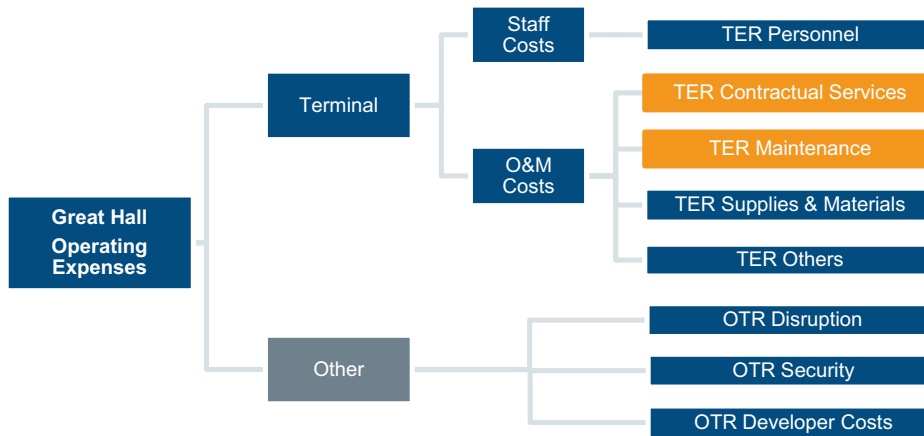
The Agreement specifies that the GHP operating responsibilities only covers the commercial areas within the Jeppesen Terminal (referred to as the “O&M Limit”). ICF developed a detailed bottom-up forecast for the Great Hall Operating Expenses. There are two phases of operating costs for the project – during the construction period and during the operating period. This section explains the assumptions behind the analysis.

Operating and maintenance services for this project will be provided by third parties who will be responsible for the TER Contractual Services contract and the TER Maintenance contract (as shown in Exhibit 8-1). Estimates for the cost of these services were developed by Ferrovial Servicios, a specialized branch of Ferrovial Group.

The chart below represents the Operating expenses structure:

- ▶ In-Terminal Operating Expenses:
 - Staff Costs which covers personnel costs, administrative and operational expenses;
 - O&M Costs, of which TER Contractual Services and TER Maintenance are provided by Ferrovial
- ▶ Other Opex

Exhibit 8-1: Great Hall Operating Expense Structure



Source: The Developer

8.2 Staff Costs

8.1.1 Construction Phase

This phase will include the creation of new shopping and food service areas, relocating and expanding TSA screening areas, improving business access and passenger flow, developing new check-in areas, and optimizing space and efficiency in the terminal.

8.1.1.1 Organizational Structure

The Developer’s organizational structure was designed to oversee the construction phase of the Project. Four key functions were identified:

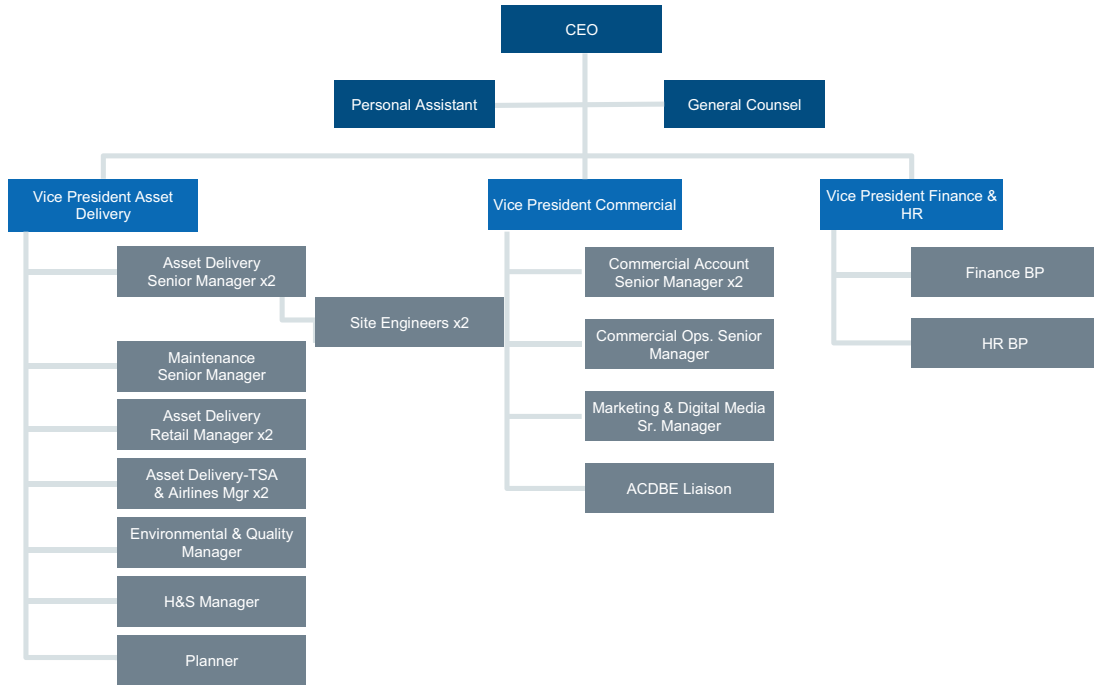
Exhibit 8-2: Key Functions during Construction

Functions	Comments
General Management	Designing the company’s overall strategy and supervising the design and the successful implementation of each function strategy
Finance & HR	Handling financial, administrative, and HR matters
Commercial	Handling deal making with sub concessionaires, driving performance and ensuring compliance with Sub-Concession Agreements
Construction	Handling the construction of the new terminal and assuring all work is carried out in a timely and cost efficient manner based on the project design

Source: The Developer

A workforce of 25 employees will be deployed during the construction phase.

Exhibit 8-3: GHP Organizational Structure during Construction



Source: The Developer

The key roles of the company during this phase are:

Exhibit 8-4: Key Employees during Construction

Key Roles	Job Position Description – Primary Responsibilities
CEO	The CEO manages the Executive Committee and ensures that its strategic plan is successfully implemented and communicated, as appropriate, with internal and external stakeholders. The person performing this role manages the relationship and contract with joint venture partners and acts as the single point of contact at the managerial level. Further, the CEO oversees compliance of all requirements related to the capital investment program coming from different stakeholders, namely, Denver International Airport management, the airlines, TSA, the Commercial Department, and future tenants.
Vice President Asset Delivery	The VP Asset Delivery is responsible for the delivery of the capital investment program related to the Project, guaranteeing that the Design & Build Joint Venture (DBJV) performs the delivery on time, on cost and on quality through the proper technical and economical control of the works performed.
Vice President Commercial	The primary focus of this role is to develop the strategy and make appropriate decisions that allow the Great Hall to achieve optimal operational efficiency and commercial revenues while increasing passenger comfort and convenience. In addition, the VP Commercial builds a strategy and a detailed merchandising plan that matches operator concepts with the desired experience and customer diversity.
Vice President Finance & HR	The VP Finance & HR manages the collection of data, the preparation of critical reports, and the creation of budgets, in accordance with corporate legislation and the instructions of the Executive Director. This role coordinates, monitors, and reports on the economic, financial, and managerial analysis of the Great Hall, as well as designs and implements the HR strategy. Further, the VP Finance & HR provides leadership by monitoring and coordinating projects and schedule activities, to ensure deadlines and company standards are consistently met.

Source: The Developer

8.1.1.2 Assumptions

During the construction phase, the Developer has estimated the average staff cost per employee to be \$166,189, which reflects the annual compensation and benefits the employee will receive as well as the company cost:

- ▶ Fixed Salary
- ▶ Bonus
- ▶ Car Allowance
- ▶ Health, Dental, Vision and Life Insurance
- ▶ Pension Plan (401K)
- ▶ US Taxes
- ▶ Worker’s compensation and General liability Insurance

A compensation benchmarking analysis was carried out by the Developer to determine the appropriate compensation and benefits for each position in the organizational structure. Various sources of information were used to determine the appropriate compensation package by role:

- ▶ 2016 US Total Remuneration Survey - Mercer
- ▶ 2016 US Market Pricing & Benefits report - Willis Towers Watson
- ▶ 2016 Pay Ranges & Job Titles Report - City & County of Denver / Office of Human Resources
- ▶ 2016 Headhunters compensation package data per position
- ▶ Ferrovial US Compensation & Benefits data – Internal source

To ensure competitiveness of compensation by role, the Developer took into account the size of the company, its target market, and the level of responsibility of each job position. Benefits were determined based on Developer’s market analysis and providers’ proposals (external market data). Annual fixed salary increases were calculated taking into consideration the estimated inflation data for the following years.

Exhibit 8-5 below summarizes the total costs assumed during construction by each area, but excludes an additional 5% administrative/supply cost that is added to labor costs.

Exhibit 8-5: Construction Phase Staff Costs

		Total Annual Cost (in real 2016 prices)
Executive Director and Staff	CEO	\$759,645
	Personal Assistant	
	General Counsel	
	VP Asset Delivery	
Asset Delivery	Planner	\$1,786,223
	Asset Delivery - Retail Manager	
	Health & Safety Manager	
	Environmental & Quality Manager	
	Asset Delivery - TSA & Airlines Manager	
	Asset Delivery Senior Manager	
	Site Engineer	
	Maintenance Senior Manager	
Finance	VP Finance & HR	\$467,444
	Finance Business Partner	
	HR Business Partner	
Commercial	VP Commercial	\$1,254,078
	Commercial Account Senior Manager	
	Commercial Operations Senior Manager	
	ACDBE Liaison	
	Communication, Marketing & Digital Media Senior Manager	
Total		\$4,267,390

Source: The Developer

8.1.2 Operation Phase

During the Project Operating Period, the Developer will operate the concession program at the new Jeppesen Terminal, as well as operate and maintain a part of the terminal’s common areas and systems.



8.2.1.1 Organizational Structure

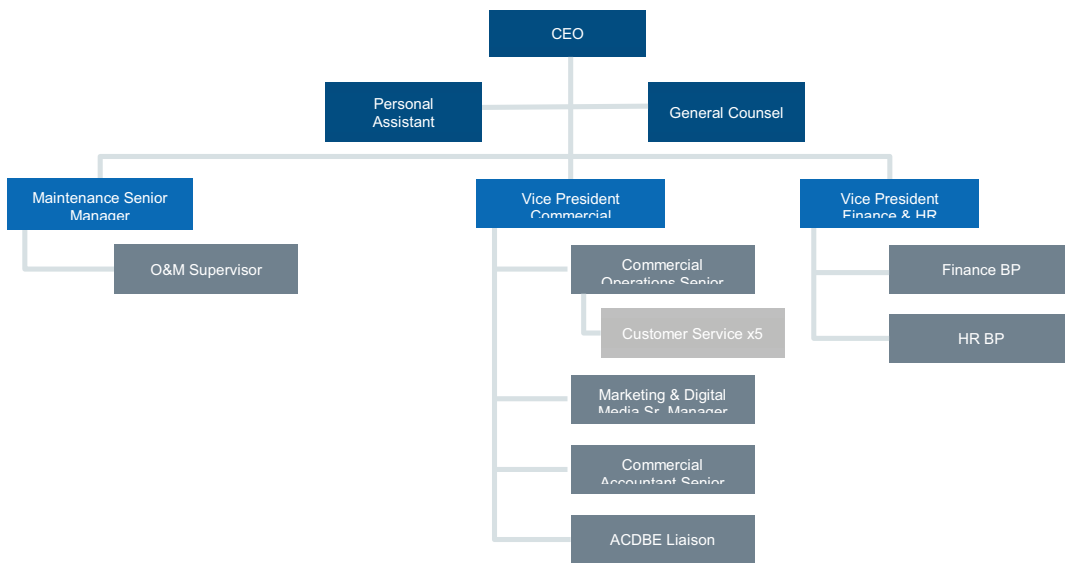
A modification of the organizational structure was required to support the operational phase. The roles related to the construction phase will be replaced by new Operation & Maintenance roles. Four key functions were identified to support this phase:

Exhibit 8-6 Key Functions during the Concession Operating Period

Functions	Comments
General Management	Managing the company overall strategy and supervising the successful implementation of each function strategy
Finance & HR	Handling all financial and administrative matters as well as HR matters.
Commercial	Handling all deal making with sub concessionaires, driving performance and ensuring compliance with Sub-Concession Agreements.
Operation & Maintenance	Making sure that the Great Hall and associated areas are clean, working & friendly.

Source: The Developer

Exhibit 8-7 GHP Organizational Structure during Operations



Source: The Developer

A workforce of 18 employees will be deployed during this phase. The key roles of the company during this phase are:

Exhibit 8-8 Key Employees in the Concession Operating Period

Key Roles	Job Position Description – Primary Responsibilities
CEO	The CEO coordinates with Airport management to ensure the smooth integration of the Great Hall Project into current Airport operations, focusing on efficiency, safe operations, and excellent passenger experience. In this managerial role, the CEO is also required to provide leadership, guidance, and mentorship to enhance the financial strength of the company. Further, this role creates a motivational work environment to enhance employee satisfaction and productivity, and builds an effective team of leaders by providing guidance and coach to subordinate directors.
Maintenance Senior Manager	The Maintenance Senior Manager ensures the quality of the service provided, compliance with the technical requirements, and customer satisfaction, acting as a contact point between the maintenance contracts of the Great Hall Project and the consortium.
Vice President Commercial	The VP Commercial is responsible for the delivery of the retail business plan and maximizing the revenue potential of all retail activities. This role also implements the strategy and the detailed merchandising plan that matches operator concepts with the desired experience and customer diversity.
Vice President Finance & HR	The VP Finance & HR manages the Finance and HR strategy, in accordance with corporate legislation and the company strategy, and ensures the retention and engagement of the best talent. This role coordinates, monitors, and reports on the economic, financial, and managerial analysis of the Denver Great Hall, manages the recruitment process, identifies training needs, administers payroll process, and assures the compliance with the H&S regulations.

Source: The Developer

8.2.1.2 Assumptions

The average staff cost per employee were estimated by the Developer to be \$133,102.34 during the operation phase. This cost will affect the annual compensation and benefits employees will receive (as well as the company cost), including the following:

- ▶ Fixed Salary
- ▶ Bonus
- ▶ Car Allowance
- ▶ Health, Dental, Vision and Life Insurance
- ▶ Pension Plan (401K)
- ▶ US Taxes
- ▶ Worker’s compensation and General liability Insurance

The same benchmarking methodology explained above was also used for setting the compensation and benefits of the new positions added during this phase of the project. Various sources of information was used to determine the appropriate compensation package by position:

- ▶ 2016 US Total Remuneration Survey - Mercer
- ▶ 2016 US Market Pricing & Benefits report - Willis Towers Watson
- ▶ 2016 Pay Ranges & Job Titles Report - City & County of Denver / Office of Human Resources
- ▶ 2016 Headhunters compensation package data per position
- ▶ Ferrovia US Compensation & Benefits data – Internal source

To ensure competitiveness of the GHP job roles, the Developer took into account the size of the company, its target market, and the level of responsibility of each job position. Benefit costs were determined based on Developer’s market analysis and providers’ proposals (external market data). Annual fixed salary increases were calculated taking into consideration the estimated inflation data for the following years.

The table below summarizes the total costs assumed during construction by each area, but excludes an additional 5% administrative/supply cost that is added to labor costs.



Exhibit 8-9 Project Operating Period Staff Costs

		Total Annual Cost
	Operations Phase	(in real 2016 prices)
Executive Director + Staff	CEO - Local	\$432,730
	Personal Assistant	
Finance	VP Finance & HR - Local	\$479,655
	Finance Business Partner	
	HR Business Partner	
Commercial	VP Commercial - New profile (promotion)	\$ 1,261,529
	Commercial Account Senior Manager	
	Communication, Marketing & Digital Media Senior Manager	
	ACDBE Liaison	
	Commercial Operations Senior Manager	
	Customer Services	
O&M	Maintenance Senior Manager	\$ 252,239
	O&M Supervisor	
Total		\$ 2,426,153

Source: The Developer

8.1.3 Other Staff Related Costs

The Developer will outsource payroll and pension plan administration services. The cost of these services will vary depending on the number of employees required to support each phase. Based on previous assumptions, the Developer has estimated other related staff costs to be:

- ▶ Construction Phase:
 - Payroll Administration Service: \$14,000
 - Pension Plan & Insurance Administration Service: \$4,000
- ▶ Operation Phase:
 - Payroll Administration Service: \$11,500
 - Pension Plan & Insurance Administration Service: \$3,500

Moreover, to be able to identify the best talent and recruit them during both phases, a selection cost of \$300,000 was estimated. This cost covers the head hunter fees for certain key roles and LinkedIn license fee. The table below summarizes the other staff-related costs as a one-off expenditure and as recurrent expenditures during construction and during the Project Operating Period.

Other costs such as lobbyist, communications, organization of out-reach events etc. have been also considered. The amounts of these costs during each of the phases are summarized below

Exhibit 8-10: One-Off, Recurrent and Other Staff Expenditures

Cost Category	Description	(in real 2016 prices)
One-Off Costs	Recruitment activities and web design	\$320,420
Annual Construction Costs		\$266,935
Annual Operations Costs	Lobbyist, communications, out-reach and other HR activities (pensions, payroll, etc.)	\$387,956

8.3 O&M Costs

8.3.1 Introduction

The O&M costs will include all costs directly related to the services agreed by the Owner and Developer. The O&M costs are structured as follows:

- ▶ TER Contractual Services (provided by Ferrovia),
- ▶ TER Maintenance (provided by Ferrovia),

- ▶ TER Supplies & Materials, and
- ▶ TER Others.

8.3.2 O&M Limits

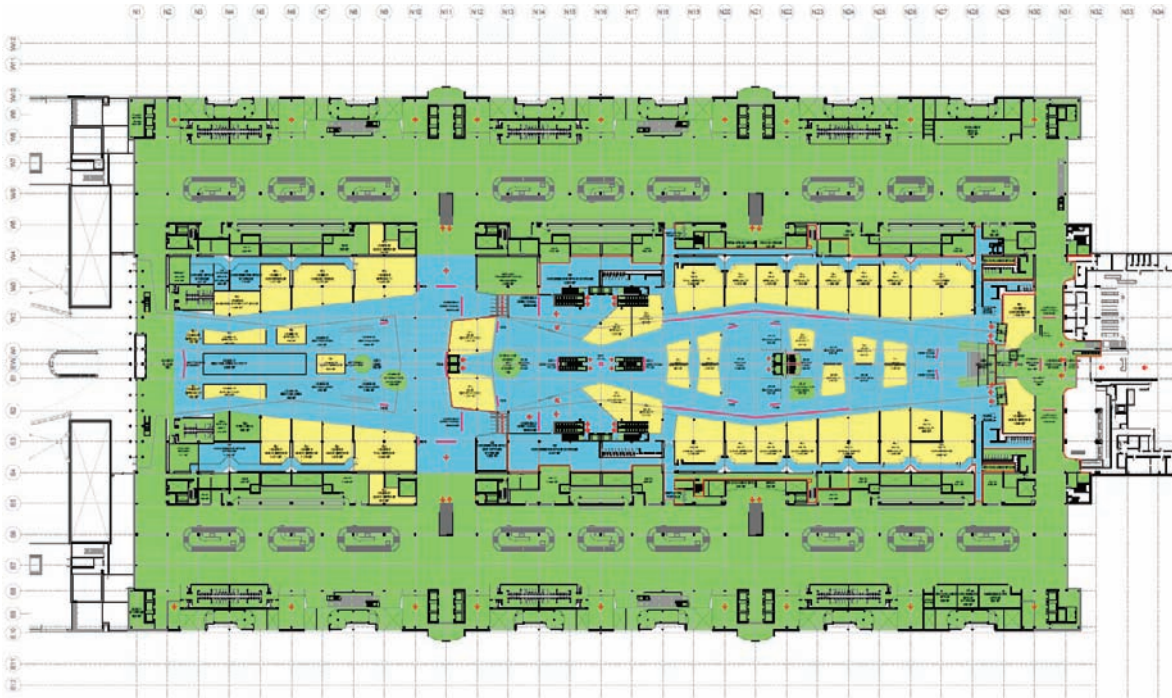
O&M limits define the limits of the Developer's responsibilities in respect to operations and maintenance⁵⁰. They are presented in the drawing below showing the service boundary between the Developer and the Airport. The areas define the cleaning limits and set up the maintenance principles that are further defined system-by-system in Exhibit 8-11 below.

The space has been divided into three areas, which are depicted in the layouts below:

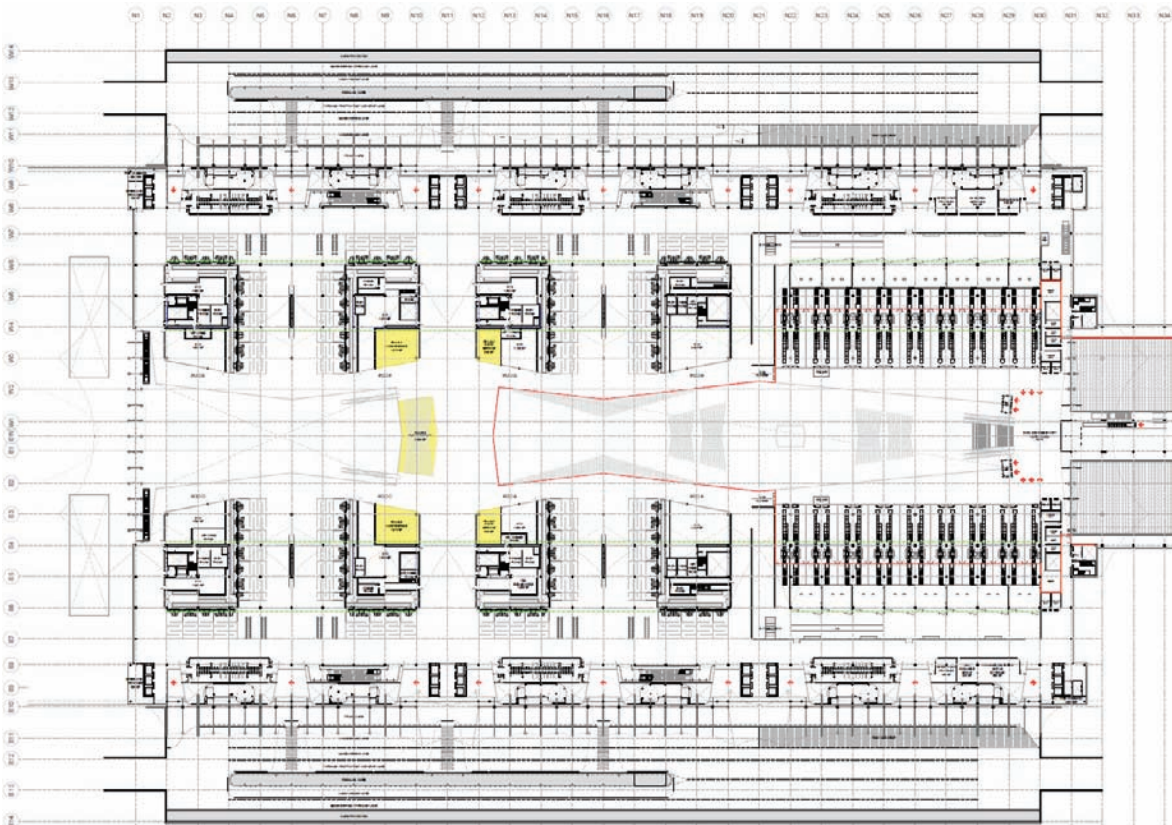
- ▶ Areas where Commercial Venders will be responsible for O&M costs (YELLOW),
- ▶ Area where Developer will be responsible for O&M costs (Level 5 public circulation and back of house corridors serving concession spaces, BLUE) and
- ▶ Areas under the Airport will be responsible for O&M costs including the baggage claim area (GREEN and WHITE).

⁵⁰ The layouts may be subject to final minor alteration, however the demarcation points will not change.

Exhibit 8-11: Level 5 O&M Limits



Level 6 O&M Limits



The Developer and Owner analyzed the future Airport infrastructure after the Project system-by-system in order to identify the most effective demarcation points. The Developer will be responsible for maintenance between the demarcation point and the space boundary for each commercial venter, or to the end point of the system if it is within the limits shown in the drawings above. Within the concessionaire space, concessionaires will be responsible for the O&M.

Demarcation points are described in Exhibit 8-12: below:

Exhibit 8-12: Demarcation Points for Developer O&M Services

Systems		Demarcation Points (DP)	Developer O&M Services
HEATING, VENTILATING, AIR CONDITIONING			
1.	hydronic system	n/a	none other than coordination with the Owner
2.	air handling units used for smoke control	n/a	none other than coordination with the Owner
3.	air handling units serving shell loads and Public Circulation Space (not within the O&M limits)	n/a	none other than coordination with the Owner
4.	air handling units serving Concession Space and Public Circulation Space within level 5 O&M Limits (including exhausts)	n/a	all air handling units serving Concession Space (including exhausts) within the Core O&M Limits
5.	HVAC Equipment (excluding air handling units) exclusively serving Concession Space within the O&M Limits	ductwork connection from the main duct to each Concession Space	new and/or existing system from DP to point of use within the Core O&M Limits
PLUMBING			
6.	domestic water system	isolation valve downstream from the internal distribution mainline to Concessions supply	new and/or existing system from DP to point of use within the Core O&M Limits
7.	natural gas system	connection at the meter for new or existing gas lines if internal to the facility or shut off valves places at the Core O&M Limits	new and/or existing system from DP to point of use within the Core O&M Limits
8.	sanitary sewer system	connection established by Developer to existing main line or lateral	new system from DP to point of use within the Core O&M Limits
9.	grease trap system	preliminary interceptors within the Concession Space	preliminary interceptors and other Elements within the Concession Premises
10.	stormwater system	n/a	none other than coordination with the Owner
ELECTRICAL SYSTEM			
11.	electrical system	distribution panels either existing or installed by Developer	from new DP (including circuit) to point of use within the Core O&M Limits
12.	uninterrupted power system	n/a	any installed system serving Developer or Concession specific systems or services (typically under 200 KVA) within the Core O&M Limits
ELECTRONIC AND COMMUNICATIONS SYSTEMS			

Systems		Demarcation Points (DP)	Developer O&M Services
13.	wired local area network (LAN) and telephone systems	Network wall jack(s) within Developer Spaces	all devices and individual protection of devices and point of use equipment for Developer and Developer Entity use from the network wall jack(s), with the exception of the wired phone devices with 911 call location detection which will be provided by the Owner, unless such devices need to be replaced prior to their intended replacement date per the Owner policy
STRUCTURAL & FINISHES			
14.	structural systems	Core O&M Limits	load bearing systems installed by Developer as part of the Concession Space and sign support systems installed by Developer within the Core O&M Limits
15.	flooring system	Core O&M Limits	all flooring systems (excluding interactive flooring as part of Customer Experience Elements) within the Core O&M Limits
16.	finishes	Core O&M Limits	all finishes within the Core O&M Limits
17.	furniture, fixtures, and equipment (movable or not)	Core O&M Limits	all furniture, fixtures and equipment within the Core O&M Limits
18.	passage doors (not powered)	n/a	all passage doors within the Core O&M Limits with the exception of door locking systems, including barrels and keys
19.	Automatic door(powered)	n/a	all automatic doors within the Core O&M Limits with the exception of door locking systems, including barrels and keys
20.	exterior security door systems	n/a	none other than coordination with the Owner
21.	interior security door systems	n/a	none other than coordination with the Owner
FIRE PROTECTION			
22.	detection	n/a	none other than coordination with the Owner
23.	annunciation	n/a	none other than coordination with the Owner
24.	notification	n/a	none other than coordination with the Owner
25.	Signage	n/a	none other than coordination with the Owner
26.	protection of the structures and shell	n/a	protection system within the Core O&M Limits
27.	suppression within the space	n/a	drychem (Ansul) fire suppression systems, sprinklers heads and fire extinguishers serving the Concession Space
ELECTRICAL SYSTEM			
15.	lighting system	light fixtures, either existing or installed by Developer, connecting to the electrical system	from and including DP to lights within the Core O&M Limits
16.	lightning protection and wire grounding system	n/a	none other than coordination with the Owner
17.	standby/emergency generators	n/a	none other than coordination with the Owner
ELECTRONIC AND COMMUNICATIONS SYSTEMS			

Systems		Demarcation Points (DP)	Developer O&M Services
18.	Wireless	n/a	none other than coordination with the Owner
19.	flight information display system (FIDS)	n/a	none other than coordination with the Owner
20.	baggage information display system (BIDS)	n/a	none other than coordination with the Owner
21.	train information display system	n/a	none other than coordination with the Owner
SIGNAGE AND GRAPHICS			
22.	way finding signs	n/a	none other than coordination with the Owner
23.	non-way finding signs	n/a	all other non-way finding signs within the Core O&M Limits
SPECIALTY SYSTEMS			
24.	CCTV cameras	n/a	none other than coordination with the Owner
25.	security access control system	n/a	none other than coordination with the Owner
26.	emergency communication system	n/a	none other than coordination with the Owner
27.	conveyance systems – escalators	north side – bottom of escalators AGTS – top of escalators landside plaza to bridge – bottom of escalators	none
28.	conveyance systems - elevators	elevator doors	none
29.	stairs, including handrail and any other accouterments directly associated with the functioning of the stairs	north side – top of stairs AGTS – top of stairs	landing at top of stairs including handrail and any other accouterments directly associated with the functioning of the stairs
CLEANING SERVICES		DEMARCATIION POINTS (DP)	DEVELOPER O&M SERVICES
1	janitorial and custodial services	all janitorial and custodial services outside of the Core O&M Limits	all janitorial and custodial services within or demarking the Core O&M Limits
2	windows and glass surfaces cleaning	interior and exterior cleaning of perimeter curtain wall and outside facing glass and windows outside of the Core O&M Limits	cleaning of all windows and glass surfaces within and demarking the Core O&M Limits; cleaning of all interior glass on Level 5 and 6, for which at least one side can most easily be accessed from Level 5 for cleaning, including walls and guardrails
3	pest control	all pest control services in the Terminal	none other than coordination with the Owner
4	waste management	disposal of waste delivered by Developer to the appropriate central collection points designated by the Owner	collection, transport in Owner-approved and spill-proof containers, and delivery of wastes generated, collected, or deposited by Users and litter in the Core O&M Limits to the appropriate central collection points designated by the Owner; cleanup of spills generated by Developer at central collection points

Systems		Demarcation Points (DP)	Developer O&M Services
5	fry oil recycling	pumping and disposal of fry oils delivered by Developer to the central fry oil collection point designated by the Owner	collection, transport in the Owner-approved and spill-proof containers, and delivery of fry oils generated in the Concession Space to the central fry oil collection point designated by the Owner; cleanup of spills

Source: The Developer

Customer Experience elements are outside Developer’s scope of work and will be operated and maintained by the Airport.

The Developer has estimated the costs to perform the scope of work in accordance with the O&M Plan negotiated with the Owner and also, amongst other requirements, with (a) Good Industry Practice, (b) the requirements, terms and conditions between the Developer and the Owner, (c) all applicable Laws and the Federal Provisions, (d) the Airport Rules and Regulations, (e) the requirements, terms and conditions set forth in all Governmental Approvals, and (f) Technical Requirements, Manuals and Guidelines and Plans and Specifications applicable to the Project. The estimate of the contract value has been carried out by Ferrovial Servicios (part of Ferrovial Group specialized in O&M Services).

8.3.3 Performance Requirements

A set of Developer’s Performance Requirements that establishes the minimum level of service has been agreed to with the Owner. The Owner also has to meet a minimum level of service to ensure a high quality service and the best passenger experience possible within the terminal and to ensure the continuity of concessions operation.

Some of the Developer’s Performance Requirements will be transferred to the Commercial Venders and the Developer will be responsible for auditing and ensuring compliance with them. All applicable Performance Requirements will be also transferred on a back-to-back basis to the future O&M Provider.

The Airport also has a set of Performance Requirements that they are obliged to comply with in the areas of the Terminal which they operate and maintain. The following tables describe the Performance Requirements to be achieved by the Developer.

Exhibit 8-13: Developer Performance Requirements

Ref	Element Category	Minimum Performance Requirement
BUILDING SYSTEMS AND UTILITY SYSTEMS		
1	Electrical system	Availability of primary and support equipment of the electrical system: minimum annually 99% / minimum monthly 98%. (Up-time is defined as the time assets operate in accordance with the Construction Documents).
		Maintain the circuit schedules, panel schedules, and one line drawings up to date.
		Availability of non-primary or end distribution electrical assets, such as sockets: minimum annually 97% / minimum monthly 95% (Up-time is defined as the time assets operate in accordance with the Construction Documents)
		For each individual failure of the Electrical system assets rated as Emergency in Table III.4 the fault should be addressed within the define Cure Period as follows here
2	Natural gas system	All gas distribution infrastructure and equipment rated as Emergency in Table III.4 is available, except for the planned shutdown time, and those that are designated as available are functioning as per Construction Documents with no leaks in the gas system from the point of use to the Demarcation Point.
3	Plumbing system	Availability of domestic water, sanitation and drainage systems from the point of use to the Demarcation Point: minimum annually 99% / minimum monthly 98% (Up-time defined as assets properly sealed, free of odor associated with non-functioning plumbing and sewage systems, free of blockages and functioning as per the Construction Documents)
		For each individual failure of the Plumbing systems assets rated as Emergency in Table III.4 the fault should be addressed within the define Cure Period as follows here

4	Restrooms	In each restroom, no less than 90% of the sinks, urinals, toilet cubicle doors, stalls and lavatory are available for use and function in accordance with the design at the time of inspection
5	HVAC serving Concession Space and Public Circulation Space within Level 5 O&M Limits (including exhausts)	Availability of Developer maintained HVAC equipment and support systems: minimum annually 97% / minimum monthly 95% (Up time is defined as assets operating without any obstruction and in accordance with the Construction Documents).
		For each individual failure of the HVAC system assets rated as Emergency in Table III.4 the fault should be addressed within the define Cure Period as follows here
FIRE, LIFE, HEALTH, AND SAFETY		
6	Fire hazard	Resolve any hazardous condition per Developer's hazard identification analysis and resolution process or as may be identified in the Contract Documents, by the Owner, the City or the Fire Marshall. No obstruction at/or near fire suppression and detection systems. No obstructions at or near emergency signage or emergency exits shall be allowed.
7	Fire suppression systems, and detection	All Elements within the Developer's O+M demarcation are in compliance with all applicable Law, regulations, Design Documents, and Construction Documents. All fire extinguishers within the Developer's O+M limits are available, inspected and certified as per NFPA standards)
8	Hazard remediation	Maintain all areas within the O&M Limits free of safety hazards responding within the prescribed response time in Table III.4. Correct any hazardous or potentially hazardous condition upon detection, whether identified by Developer or upon receipt of a verbal or written notice from the Owner. At the Developers reasonable discretion, in conjunction with DEN Terminal Operations, it shall close the affected portion within the O&M Limits until the hazardous or potentially hazardous condition is corrected.
9	Flooring and stairs	Maintain pedestrian circulation and restroom areas free of deterioration, bumps, spalling, chips, excessive cracking, exposed steel, vegetation, holes, misalignments, broken glass and broken mirrors.
CLEANING AND CUSTODIAL SERVICES		
10	Cleaning, finishes and custodial services	Obtain a monthly average in the scores of the joint audits higher than 3.5
		For each individual STO related to these services rated as Emergency in Table III.4 the fault should be addressed within the define Cure Period as follows here
GENERAL		
11	General	A minimum of 85% of Planned Maintenance work orders is to be completed within the planned month and any deferred Planned Maintenance completed within the following month

Source: The Developer

The following tables describe the Performance Requirements to which The Owner is obliged to comply.

Performance Requirement – Airport		
Ref	Element Category	Performance Obligation
1	AGTS Signage / Information)	System availability: minimum annually 98% / minimum monthly 95% (Up time defined as signage and screens available and showing the right AGTS system information to the passengers in terms of frequency, next train arriving and time to the each concourse and operating in accordance to the Construction Documents)
2	FIDS	System availability: minimum annually 99% / minimum monthly 98% (Up time defined as signage and screens available and showing the right flight information to the passengers concourse and operating in accordance to the Construction Documents)
3	Conveyances	System availability: minimum annually 99% / minimum monthly 98% (Up time defined as assets operating in accordance to the Construction Documents) Applied to Airsides Plaza vertical Circulation (elevators and escalators) between Level 6 and Level 5 Airsides Plaza vertical circulation (elevators and escalators) between Level 5 and 4
4	Iconic Elements	System availability: minimum annually 95% / minimum monthly 90% (Up time defined as assets operating in accordance to the Construction Documents) Media escalator Media wall Overhead cloud show Interactive water feature Interactive kids area Iconic sphere and interactive floor
5	Electrical system	From the transformer to the demarcation point, system availability: minimum annually 99% / minimum monthly 98%. (Up-time is defined as the time assets operate in accordance with the Construction Documents).
6	Natural Gas System	All gas infrastructure from Service Gas Line tap to demarcation point is available as per Construction Documents with no leaks
7	Plumbing System	Plumbing system from main lines to demarcation point, systems availability: minimum annually 99% / minimum monthly 98% (Up-time defined as assets properly sealed, free of odor associated with non-functioning plumbing and sewage systems, free of blockages and functioning as per the Construction Documents)
8	HVAC	From Central Utility Plant to demarcation point, system availability: minimum annually 97% / minimum monthly 95% (Up time is defined as assets operating without any obstruction and in accordance with the Construction Documents).
9	Restrooms	Landside Plaza and International Meeter/Greeter restrooms have no less than 90% of the sinks, urinals, toilet cubicle doors, stalls and lavatory are available for use and function in accordance with the design at the time of inspection.
10	Network	Wireless, Wired local area network (LAN) and telephone systems availability: minimum annually 97% / minimum monthly 95%
11	Cleaning, finishes and custodial services	Obtain a monthly average in the scores of the joint audits higher than 3.5 for the following Areas: Landside Plaza and International Meeter/Greeter Restrooms Level 6 zones adjacent to commercial units i.e. the corridor between the central pods and the bridge that connects west and east The international meters and greeters plaza area out of the O&M limits and the corridors towards baggage claim The corridors from the landside plaza to the baggage claim

Source: The Developer

8.3.4 O&M Service Areas

The principal O&M service areas identified in the Agreement include:

- ▶ Janitorial: As part of janitorial specific locations covered under this category are the general areas/offices/concessions, restrooms and janitorial supplies. Manpower necessary to perform cleaning includes proportional parts of machinery, materials, and spares
- ▶ Window Cleaning Specialist: Manpower necessary to perform cleaning includes proportional parts of machinery, materials, and spares
- ▶ Floor/Carpet Cleaning: Tasks of cleaning singular floor elements
- ▶ Waste Management: All trash (including used frying oil) and recyclable materials are transported to the centralized collection points in the Owner-approved spill-proof containers; Developer shall ensure that storage, transportation, and disposal of all trash, waste, and other refuse does not damage or harm any structures or infrastructure at the Airport and that any trash spills (including oil spill) are cleaned up
- ▶ FF&E maintenance tasks that include elements of structural and finishes systems in public circulation areas
- ▶ Mechanical/HVAC/Plumbing: Maintenance tasks from the demarcation point to the concessionaire space boundary
- ▶ Conveyances are excluded from the Developer's scope
- ▶ Electrical: maintenance tasks that include electrical systems
- ▶ IT & Communications maintenance tasks that include elements of IT systems are excluded and not part of the Developer's scope
- ▶ Fire, Life and Safety maintenance tasks that include elements of fire, life, and safety system under Developer's control

8.3.5 O&M Costs by Service Area (Contractual Services + Maintenance GH)

In order to provide a high quality service for Great Hall passengers, the O&M Cost estimates from Ferrovial are assumed to include:

- ▶ 3 shifts, 24/7 service, 365 days a year
- ▶ Maintenance: 3 Technicians per shift + 1 Maintenance lead
- ▶ Cleaning: 4 Janitors, (morning & afternoon shifts), 2 janitors (night shift + 1 supervisor)
- ▶ Help Desk: 1 Operator, 2 shifts, 24/7

The O&M cost estimates take into account the following:

- ▶ O&M limits,
- ▶ Demarcation points,
- ▶ Performance requirements,
- ▶ O&M Contractor management employees,
- ▶ Materials, equipment, spare parts,
- ▶ License to run the Maximo system, and
- ▶ Help desk service.

Other costs included in addition to the management and employees cost include: a mobilization period of two months for manpower and Managers during the first phase of construction, an FM Manager, a LEED Engineer, costs incurred during PDA Phase, and financial costs.

A breakdown for different areas on year 2022 (first full year of O&M service) can be found in the table below. The cost are assumed to grow by inflation thereafter. Another consideration taken into account in order to determine the O&M cost were the O&M limits, demarcation points between the Developer and Denver International Airport, and performance requirements, all of which are described above.

The Developer also considered as part of the cost all the O&M Contractor management employees needed to run the O&M service, materials, equipment, spare parts, license to run a standalone Maximo system, and the Help Desk.

In addition to the management and employees cost, the following costs have been included in the O&M price: a mobilization period of two months for manpower and two months for Managers during the first phase of construction, a FM Manager, a LEED Engineer, and costs incurred during PDA Phase.

A breakdown of different areas in year 2022 is shown in the exhibit below; price are assumed to grow by inflation thereafter.

Exhibit 8-14: O&M Costs

Cost Category	2022 (in real 2016 prices)
Operations Costs (non-Concession-related)	
a. Janitorial	\$2,096,732
b. Window Cleaning	\$89,700
c. Floor/Carpet Cleaning	\$11,212
d. Waste management	\$44,850
e. Utilities (electric, gas, water, wastewater)	-
f. Other	-
Maintenance Costs	
a. FF&E	\$244,013
b. Mechanical/HVAC/Plumbing	\$1,263,111
c. Conveyances	-
d. Electrical	\$157,405
e. Electronic Safety and Security	-
f. IT and Communications	\$44,346
g. Fire, Life, and Safety	\$1,828
h. Other (describe) ⁵¹	\$395,445
Subtotal - O&M Costs	\$4,349,065

Source: Ferrovial

8.3.6 Other O&M Costs – TER Supplies and Materials

ICF identified areas of responsibility for the Developer regarding Supplies and Materials in-Terminal (TER Supplies and Materials) in relation to the office space (3,680 sq.ft.) the Developer will lease from the Owner. These costs will have associated annual operating costs, which are estimated below:

8.3.6.1 Electricity

In 2010 the main terminal building accounted for 19.25% of electricity consumption at Denver. Applying this proportion to 2013 usage and costs at the Airport (224GwH, \$20.5m), this equates to 43.1 GWH (\$3.9m or \$0.091 per kwh). This per kwh cost is slightly higher than rates quoted by Xcel, the local electricity provider, of \$0.07 per kwh. ICF observed figures for Concourse C from 2013, showing 23kwh / sq ft / annum at a cost of \$0.075 per kwh. Given these historical numbers, ICF has assumed that the Great Hall will consume 23kwh / sq ft / annum at a cost of \$0.07 per kwh, in addition to a monthly fee of \$10.75. ICF grew this line item at 20% of passenger growth, on a real basis.

8.3.6.2 Gas

ICF has assumed the office will not require a gas supply.

8.3.6.3 Water & Wastewater

In determining the Great Hall's expected water usage, ICF compared Denver's historical water consumption to other airport facilities. In 2005 Denver Airport consumed 417,173,000 gallons of water. ICF observed that LAX terminal water consumption in 2010 was 8.96 x 10⁻⁵ Acre foot per year or 64.78 AF/yr. This converts to 29.2 gallons / sq ft per annum. ICF has assumed that the terminal would require 30 gallons/sq ft of terminal space due to the Denver Airport's efforts to become more environmentally conscious. Additionally, ICF has assumed that the rate of consumption grows at an 80% elasticity to passenger growth.

Denver's historical water costs equate to \$4.29/1,000 gallons. ICF assumes that this rate will increase with inflation.

8.3.6.4 IT Systems & Communications

These costs are related to maintaining the IT systems (e.g. managed WAN, managed LAN, Fixed Voice Service, managed WLAN, etc.) and other GHP communication expenditure (e.g. mobile phones etc.).

The total costs listed above are estimated to be around \$70,000 per year.

⁵¹ This cost refers to CAM A and CAM B

8.3.6.5 Supplies & Materials

ICF has assumed a supplies and materials cost per square foot of \$0.26 based on similar costs at other US airports, weighted for terminal size. We have assumed that this line item grows at an 80% elasticity to passenger growth.

8.3.7 Other O&M Costs – TER Others

The Developer identified additional Other Costs in-Terminal (TER Others) as responsibility of the Developer that applies during construction or operations. These costs will have an associated annual cost as estimated below:

Exhibit 8-15: TER Other Costs

Cost Category	Approx. Annual cost (in real 2016 prices)
Insurance (Construction)	\$76,000
Insurance (Operations)	\$382,000
Supplies & Materials	\$33,000
Office Space	\$213,000
Marketing Fund	\$350,000 (in 2022) \$470,000 (in 2052)
Handback cost	\$200,000
Other Costs (Construction)	\$305,000
Other Costs (Operations)	\$180,000
Subtotal - O&M Costs (Construction, full year)	\$350,000
Subtotal - O&M Costs (Operation, 2022) ⁵²	\$1,160,000

Source: ICF, the Developer

8.3.7.1 Insurance

Insurance costs apply to both the construction and operation phases. These costs are assumed to adjust in line with inflation. The cost estimates have been included according to the due diligence report prepared by Willis Tower Watson and represent \$76,000 per year during construction and \$382,000 per year during operations (in 2016 dollars)

8.3.7.2 GHP Office

GHP will lease its office space (3,680 sq.ft) in the proximity of the Airport Office Building (AOB) in Level 6. GHP will start its lease when this space is available which is expected to be in November 2019. We assume GHP will pay Denver’s standard Rates and Charges for the office space (\$59.00 per sq.ft.). ICF assumed that this line item will be adjusted in line with inflation.

8.3.7.3 Marketing Fund

ICF has assumed the inception of a marketing fund to be used by GHP to develop marketing initiatives and fund the Great Hall Training Center at the exclusive benefit of its tenants. This expense is calculated at 0.5% of commercial sales and is a pass-through as revenue and expense nets to zero.

8.3.7.4 Handback Costs

The Developer has the requirement of producing a Handback report for the asset prior the concession expiry date. We have estimated a one-off cost in 2049.

8.3.7.5 Other Costs

This cost captures various reporting and other commitments GHP will bear during construction and operation phases.

8.4 Other Opex

Other Operating Expenditures are classified as OTR and comprise the following categories and related costs as described in the table below:

⁵² This cost excludes handback costs (one-off in 2049).



Exhibit 8-16: Other Operating Expenditures

Category	Description	Approx. Cost (in real 2016 prices)
OTR Developer costs (Pre financial close)	Project development costs	\$15,9000,000 (cumulative)
OTR Disruption (Construction)	This includes outreach activities, outreach events, Great Hall Training Center start-up cost, IT costs	\$1,000,000 (cumulative during construction Phase)
OTR Security (Operating period)	CAM C: Goods Delivery Logistic (from loading dock to screening area and from screening area to storage).	\$725,000 per year

Source: The Developer

OTR Security is an on-going cost that equals the revenue (see section 10.2.2.2). During Phase 2, 3 and 4 the assumed cost is \$217,000 per year. In 2022 (first full year of operation) the assumed cost is \$725,000 in 2016 prices. Thereafter it will grow at a 20% elasticity to passenger growth.

9. CAPITAL EXPENDITURES

9.1 Construction Capex

The Developer has appointed Ferrovia Agroman for the construction of the Great Hall Project. Ferrovia Agroman will enter into the D&C Contract with the Developer. This D&C Contract will reflect rights and obligations under the Agreement in connection with design and construction of the Project on a back-to-back basis.

The cost of construction is based on a fixed price, date certain obligation and the Contractor assumes the risks of defects. The breakdown of the costs by category are presented in Exhibit 9-1:

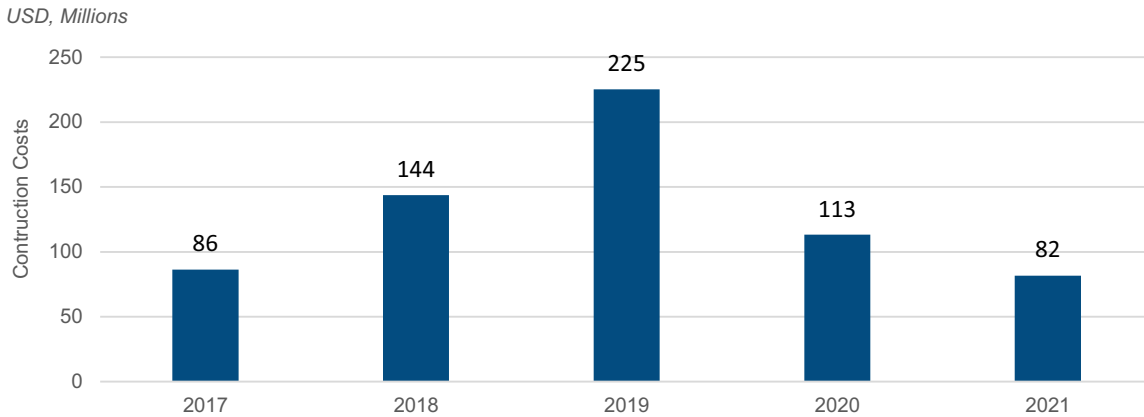
Exhibit 9-1: Great Hall Project Construction Costs (in 2016 nominal prices)

Cost Category	Total (million USD)
Architectural and Engineering	40.3
FF&E (Furniture, Fixtures and Equipment) Planning/Design	0.4
Tests, Inspections and Surveys	10.9
Building Permits and Approvals	4.5
Project Management Fees (including project oversight costs and Project Company cost/overhead, SPV costs, but excluding insurance)	102.2
Development Costs (including bid development)	12.0
Public Information and Coordination	1.8
Due Diligence of existing facilities and assets	0.4
Subtotal Soft Costs	172.5
Demolition/Site Clearance	6.3
Foundations and Structures	51.5
Building Enclosure	27.2
Building Interior	153.4
Commercial and Foodservice Equipment	0.1
FF&E	13.7
Systems	
- Mechanical/HVAC/Plumbing	103.2
- Conveyances	20.3
- Electrical	43.5
- Electronic Safety and Security	11.5
- IT and Communications	17.4
- Fire Suppression and Life Safety	5.6
Other Hard Costs	15.4
Subtotal Hard Costs	469.2
Insurance (Predevelopment Phase)	0.1
Insurance (Design and Construction Phase)	8.3
Total (Project Capital Costs)	650.0

Source: The Developer

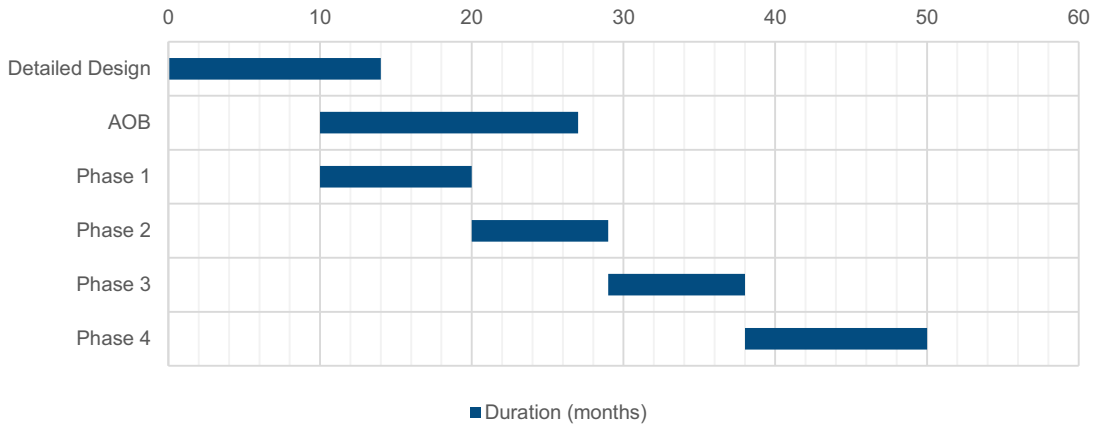
These costs will be spread over 50 months throughout the construction period as they are invoiced by the contractor. Both the phasing plan and the spend profile are included here.

Exhibit 9-2: Project Construction Costs (in nominal prices)



Source: The Developer

Exhibit 9-3: Project Timing



Source: DBJV

9.2 Replacement Capex

Aertec and Ross Baruzzini have prepared an independent report (this is provided as separate document) and estimate of the Replacement cost in accordance with the Agreement and Technical Requirements.

The Agreement and the Technical Requirements establish the Renewal Work required to comply with the performance measures and standards set forth in connection with the Great Hall Project as well as the Handback Requirements⁵³ which apply to the Project.

The replacement Capex profile is presented below and was based on the following key assumptions:

- ▶ The area of public circulation within the O&M limits represents approximately 100,000 square feet out of the 1 million square feet of the total project area (10%).
- ▶ Hard Costs of the project are estimated at \$457 million (excluding the passenger experience elements). The cumulative maintenance capex in 2016 prices is estimated at approximately \$50 million dollars
- ▶ It is important to note that expensive and difficult to maintain elements such as the conveyances or flight information system are outside of the O&M Limit

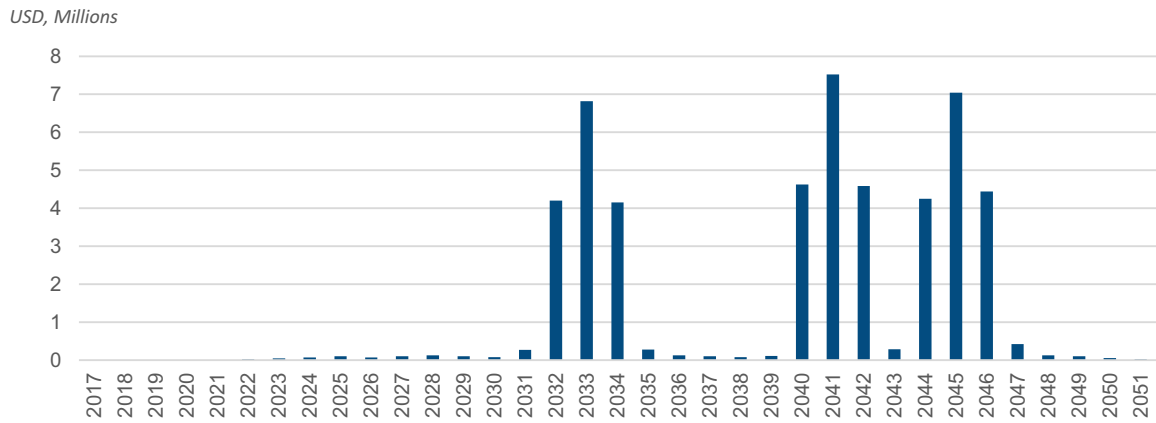
⁵³ The Handback Work Plan included as part of the Technical Requirement (III.5.4) is not included in this cost and covered in the Operating Expenditure section.

Exhibit 9-4: Replacement Capital Expenditures – Summary of Assumptions (in US \$ millions)

	CAPEX within O&M limits	Replacement period (years)	REPEX Ratio	REPEX Amount per replacement period
ARCHITECTURE	\$37.15			\$14.24
Walls (exterior facade)	\$0.00			\$0.00
Partitions (interior)	\$5.37	12	30%	\$1.61
Floors	\$6.24	12	8%	\$0.50
Ceilings	\$1.64	20	100%	\$1.64
Lining	\$2.22	12	15%	\$0.33
Paint	\$1.98	12	100%	\$1.98
Carpentry	\$1.46	25	35%	\$0.51
Glazing	\$11.59	12	25%	\$2.90
Furnishing	\$2.90	12	100%	\$2.90
Counters	\$0.00			\$0.00
Signage	\$3.76	20	50%	\$1.88
HVAC	\$12.47			\$12.47
Equipment: Air handling units	\$0.64	20	100%	\$0.64
Equipment: Fan-coil and other units	\$0.94	20	100%	\$0.94
Ventilations ducts	\$9.41	20	100%	\$9.41
Hydronic system	\$0.74	20	100%	\$0.74
Control	\$0.73	12	100%	\$0.73
FIRE PROTECTION	\$0.16			\$0.16
Fire extinguishers	\$0.00			\$0.00
Sprinklers	\$0.16	20	100%	\$0.16
Pipes	\$0.00			\$0.00
PLUMBING	\$3.42			\$1.95
Water and gas pipe	\$1.55	12	20%	\$0.31
Sanitary pipe	\$0.28	12	20%	\$0.06
Specialties	\$0.38	20	100%	\$0.38
Plumbing fixtures	\$1.20	12	100%	\$1.20
ELECTRICAL SYSTEM	\$6.90			\$1.73
Lighting	\$4.11	12	25%	\$1.03
Receptacles	\$0.62	12	25%	\$0.15
Distribution panels	\$0.47	20	100%	\$0.47
Cables	\$1.71	12	5%	\$0.09
Uninterrupted power supply	\$0.00			\$0.00
COMMUNICATION SYSTEM	\$1.41			\$1.41
Telecom racks	\$0.00			\$0.00
Data cable	\$1.39	12	100%	\$1.39
Receptacles	\$0.01	12	100%	\$0.01
CONTINGENCY ALLOWANCE	\$0.00			\$0.00
TOTAL CAPEX within O&M limits	\$61.50			\$31.96

Source: Aertec

Exhibit 9-5: Replacement Capital Expenditures (in real 2016 prices)



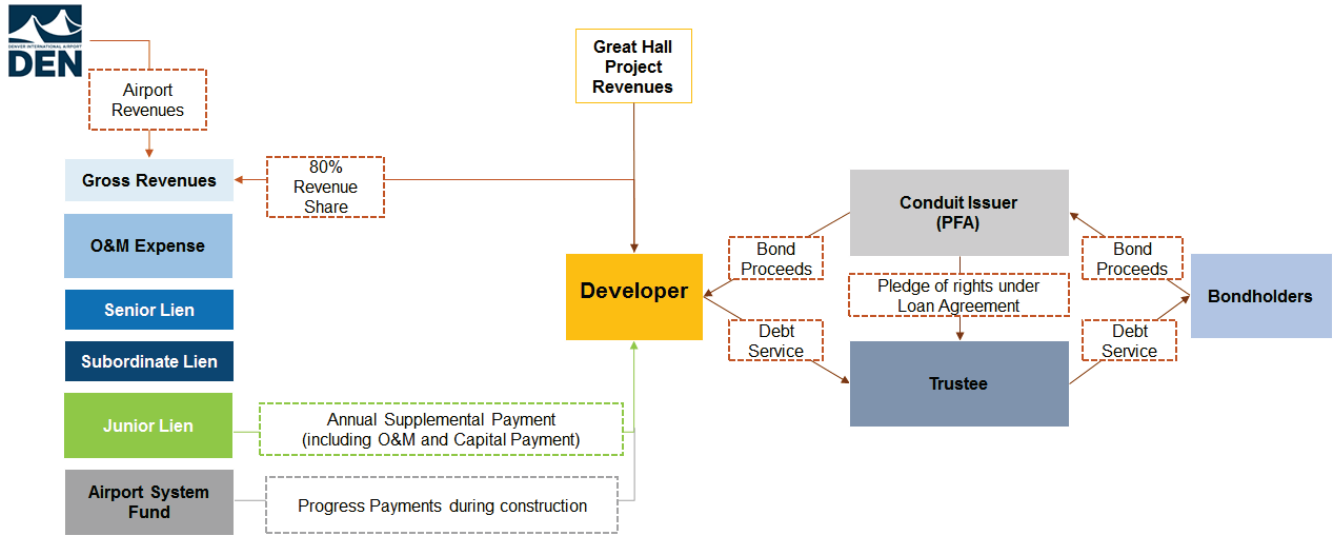
Source: Aertec

10. FINANCIAL PROJECTIONS

10.1 Transaction Structure

The GHP transaction structure aims to optimize the viability of the project for both parties, creating an efficient risk allocation, freeing up the Airport’s debt raising capacity, and providing a simple contractual relationship between the Owner and GHP (as Developer). The transaction structure is outlined below.

Exhibit 10-1: Transaction Structure



The Great Hall Project will be largely structured as an availability-based project, and the Developer is assuming limited commercial risk

Key payments by the Owner and revenues from the Project will be structured as follows:

- ▶ During construction, Progress Payments will be paid in monthly installments to the Developer and will be based on a percentage of each construction invoice received from the Developer.
- ▶ From the Project Substantial Completion Date, Annual Supplemental Payments (O&M fee and Capital Payment) will be paid in monthly installments to the Developer as a Junior Lien Contract Obligation under the Owner’s future General Junior Lien Bond Ordinance. Further information regarding the Annual Supplemental Payments is set out at Section 1.3.3.
- ▶ Concession revenues and other revenues from the Great Hall will be shared between the Developer and the Owner (20% and 80% respectively). The commercial structure in relation to concessions streamlines the management process, whereby the Developer will contract directly with sub-concessionaires and will negotiate a fee as a percent of sales. Concession revenues shall commence from the Functional Area Readiness Date of the first Concessions Functional Area.

The Developer will be the obligor for bonds issued to finance the Project.

Payments from the Owner to the Developer are subject to the provisions of the City’s General Bond Ordinance, Supplemental Bond Ordinance and Junior Lien Bond Ordinance, pursuant to which income and revenue derived by the City from the Airport are contributed to the Airport System Fund. The City is required to apply or set aside such funds in a prescribed order with a priority to airport operation and maintenance expenses, then to debt service requirements on the senior bonds, reserved, subordinated bonds or other amounts, and then to the payment of junior lien obligations, O&M reserves, and then finally to the capital fund.

10.1.1 Sources of payment of Project Costs

The Developer will fund Project costs with equity contributions and Tax Exempt Bond proceeds, combined with Construction Progress Payments from the Owner and revenue generated during the construction phase. The sources and uses of the Project are presented below:

Exhibit 10-2: Uses & Sources in Construction Period (in \$ Millions)

	Base Case
Sources (Nominal millions)	
Equity	81.9
Long-term Tax Exempt Facility	202.8
Revenues	3.8
Progress City Payment	479.2
Total	767.7
Uses (Nominal millions)	
Capex Initial Investment	650.0
Revenue Share	1.9
Financial Expenses & Fees	51.1
Operations & Maintenance Expenses	52.6
Reserve Accounts	12.1
Total	767.7

Note: Preliminary and subject to change

Source: The Developer

10.2 Business Planning Assumptions

10.2.1 Passenger Activity Assumptions

The financial projections for the Great Hall Project directly relate to passenger activity. As noted earlier in this report, ICF developed a Great Hall passenger forecast to estimate the annual volume of passengers who will be exposed to the Great Hall commercial program.

The ICF traffic forecast allocated passengers between those travelers who are originating or destined (O&D) at Denver from those who are connecting. This distinction is important given that the Great Hall will only capture O&D passengers. ICF also assumed that the passenger bridge to Concourse A will divert 14% of O&D passengers away from the Great Hall.

ICF developed detailed passenger spend projections by category and location. The table below expresses the expected sales per enplanement and the expected real growth in this metric.

In addition to the volume of passengers, ICF has estimated the expected passenger spend by category and location. The table below expresses the expected sales per enplanement and the expected real growth in this metric.

Exhibit 10-3: Assumed Great Hall Concession SEPs (2016 prices)

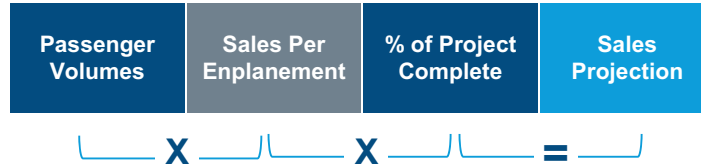
Concession	Location	2021 SEPs
F&B Airside	Airside	0.37
F&B Landside	Landside	0.23
F&B Meeter/Greeter	Meeter/Greeter	0.35
Retail Airside	Airside	1.96
Retail Landside	Landside	0.15
Retail Meeter/Greeter	Meeter/Greeter	0.17
Duty Free Airside	Airside	2.69

Source: ICF

To model sales for the Great Hall Project, ICF utilized the assumptions expressed in this report for Great Hall passenger volumes, Sales per Enplanement, and Project phasing. The product of the real sales per enplanement metric against the expected passenger volumes presents hypothetical sales volumes that the

Great Hall can achieve in the case that all the proposed commercial space is open. During the initial years of the project, only a portion of the new commercial space will be opened and so ICF discounted the hypothetical sales amount by the percentage of the Great Hall Project that is yet to be opened. As such, from 2021 through the course of the forecast, ICF has assumed the Great Hall will achieve the hypothetical sales amounts.

Exhibit 10-4: Sales Projections Calculation Methodology



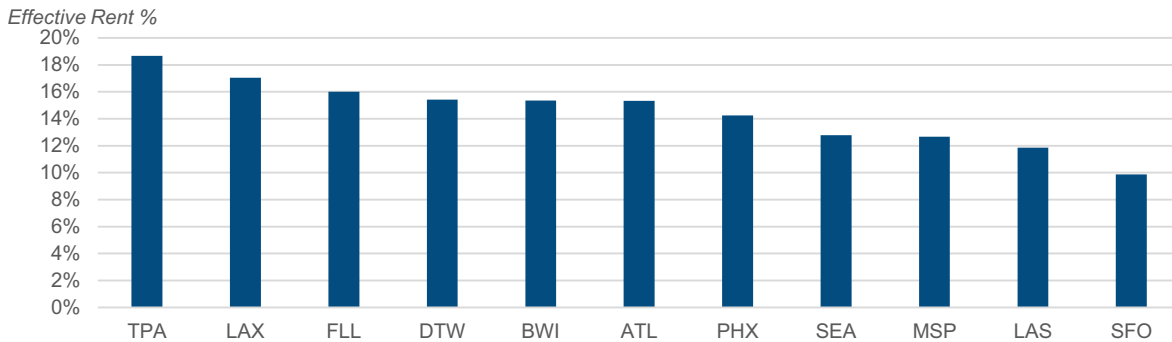
10.2.2 Revenue Projections Assumptions

ICF anticipates that the Great Hall Partners will receive revenues from three different sources: vendor rents, common area maintenance charges, and marketing fund reimbursements. The last two represent operating costs that will be incurred by the Great Hall Partners, which in turn will then be charged back to the vendors in the form of additional rent.

10.2.2.1 Vendors Rents

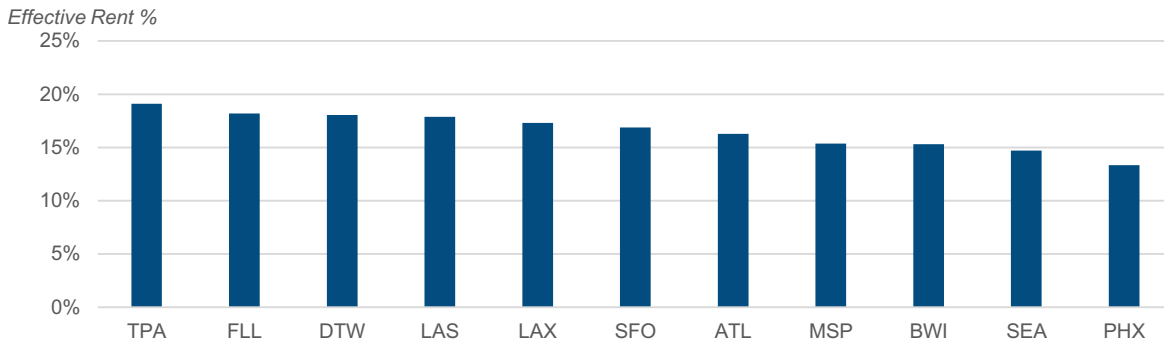
As presented in the Sub-Concession Agreements, the rents that vendors pay to the Great Hall Partners is an effective rate applied against gross sales. ICF assumed a starting margin in 2020 for each category that is based on current industry benchmarks, including the existing Jeppesen Terminal. Implicit with this assumption is the fact that the Great Hall space will be at a premium to other Airport commercial space, due to the optimized commercial space and premier concession offerings. Additionally, ICF has determined that the sales margin will increase when Sub-Concession Agreements are renegotiated.

Exhibit 10-5: F&B Vendor Rent Benchmarks as a Percent of Gross Sales



Source: Airport Revenue News 2016

Exhibit 10-6: Retail Vendor Rent Benchmarks as a Percent of Gross Sales



Source: Airport Revenue News 2016

10.2.2.2 Common Area Maintenance Revenues

Common area space within the Great Hall has been incorporated into the project, and these areas benefit vendors by inviting passenger use of the Great Hall and increasing dwell times. The proposed spaces include 8,215 square feet of common seating and 10,569 square feet of common storage and service access points. The costs associated with maintaining these spaces on a day-to-day basis are assumed to be passed through from the concessionaire to the tenants, as providing this space will benefit the vendors. These costs are charged to the tenants on a pro-rata basis, based on the square footage of each tenant’s leasehold.

The common seating area provided for the food and beverage vendors will require regular trash, recycling, and cleaning services. Given this requirement, the Great Hall would expect to receive the below annual amounts to cover the cost of these services provided to Food and Beverage tenants, referred to as CAM A. These amounts have been estimated based on the common area square footage and the cost of similar services in the Denver area.

Exhibit 10-7: Exhibit 10-8 CAM A Calculation

CAM Charge A (F&B Tenants Only)	Rate (\$, 2016)	Ft2	Year 1 Cost (\$, 2016)	Real Growth Elasticity to Passengers
Trash & Cleaning Services	\$11.34	8,215	\$93,177	25%
Maintenance Capex	\$30.22	8,215	\$248,281	25%
Total CAM A	\$41.56	8,215	\$341,458	

Source: ICF Estimates

In addition to the above, CAM B is charged to all tenants for general maintenance of storage and common use seating areas.

Exhibit 10-8: CAM B Calculation

CAM Charge B	Rate (\$, 2016)	Ft2	Year 1 Cost (\$, 2016)	Real Growth Elasticity to Passengers
General Maintenance of Storage and Service areas	\$5.11	10,569	\$53,986	15%

Source: ICF

The amounts for CAM A and B are calculated for the first year of operations. ICF has assumed that the above rates will experience real growth in line with Great Hall passenger volumes at the quoted elasticities in Exhibit 10-7 and Exhibit 10-8.

CAM C represents revenues collected by the Developer from sub-concessionaires as a pass-through for the costs incurred from goods delivery logistics services. These revenues equal the operating costs (see section 8.4) and during Phase 2, 3 and 4 the assumed revenue is \$217,000 per year. In 2022 (first full year of operation) the assumed revenues is \$725,000 in 2016 prices. Thereafter it is assumed to grow at 20% elasticity in relation to passenger growth, resulting in 0.3% annual growth through 2050.

10.2.2.3 Marketing Fund

ICF has assumed that the Great Hall Partners will also pass through marketing costs incurred in the promotion of the Airport and its concessions. This annual cost has been assumed at 0.5% of gross vendor sales through the course of the forecast.

10.2.2.4 Projected Commercial Margins

The resulting commercial margins for the Great Hall, calculated as the total revenue divided by gross sales, was then compared to industry benchmarks to ensure reasonable results.

10.2.3 Operating Cost Projections Assumptions

In forecasting the operating expenses of the project, ICF has split the operations of the Great Hall into two separate phases requiring differing expenses – construction and operations.

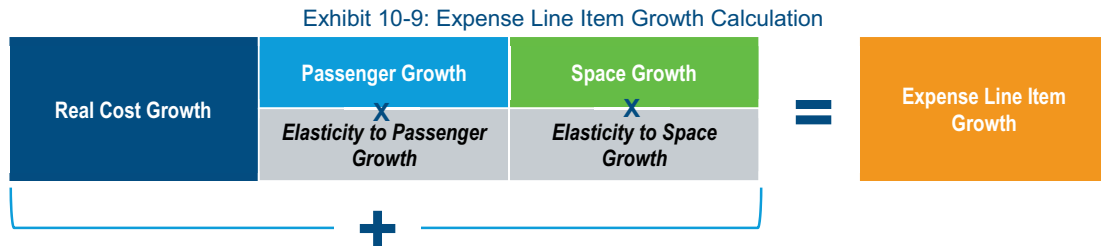
10.2.3.1 Personnel

ICF has projected personnel costs based on two different staff levels required for the construction and operations phases. While much of the staff from the construction phase stays in place following the commencement of



operations, the construction phase staff includes Asset Delivery, Health & Safety, and Environmental & Quality managers. As such, the operations phase personnel costs are only 60% of construction phase costs.

In projecting personnel costs, ICF has assumed that the full construction phase staff stays in place through the completion of the Great Hall project. Upon completion of the Great Hall, the staff is then adjusted to a level necessary to manage ongoing operations.



Following the first year estimate of cost, ICF adjusted costs to reflect activity and space growth as shown above. First, ICF applied a real cost growth factor. In the case of personnel costs, this factor was assumed to be 1% per annum. Additionally, ICF grew the various line item costs in proportion to passenger and commercial space growth. In each case, we applied an elasticity to the growth of the driver. For personnel expenses the elasticities for passenger and space growth were 15% and 50%, respectively. This implies that personnel expenses are more sensitive to commercial space growth than to passenger growth. The sum of each of these items equates to the total expense line item growth.

10.2.3.2 Utilities

Utilities expenses are assumed to accrue from the initial opening of the commercial space in the Great Hall and projected forward on an annual basis. However, year one expenses were adjusted using the percent of the Great Hall commercial space open during that time.

These costs are projected grow in line with the rates and elasticities outlined below. Note that the real cost increase for water and wastewater was assumed at -1.0% respecting the Airport’s goal of achieving zero waste by 2022.

Exhibit 10-10: Utilities Expense Growth

	Real Cost Growth	Passenger Growth Elasticity	Space Growth Elasticity
Electricity	0.4%	20%	70%
Gas	1.7%	-	-
Water / Wastewater	-1.0%	80%	10%
Communications	-	-	10%
IT Systems	-	20%	-

Source: ICF

10.2.3.3 Other Expenses

Other Expenses includes line items that ICF anticipates to remain at a constant level in real terms through the projections, such as insurance, office space expenses, and LTA costs. As such, the year one estimates for these costs are maintained throughout the period of projection following the completion of the Great Hall construction.

Supplies and materials costs are assumed to be phased in over time according to the percentage of Great Hall construction that has been completed. Additionally, this line item was assumed to increase at elasticities of 10% and 20% related to passenger and space growth, respectively.

Finally, marketing and contingency amounts were calculated as a percent of gross sales and operating expenses, respectively. Marketing expenses represent a pass through cost to sub concessionaires, noted above, amounting to 0.5% of gross sales. Likewise, the contingency expense was assumed to equal to 0.5% of operating expenses.

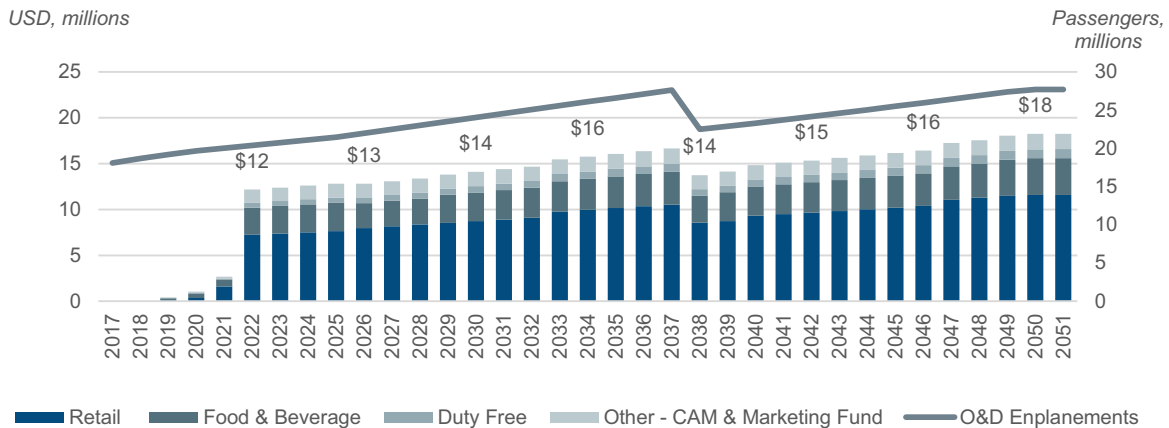


10.3 Business Planning Projections

10.3.1 Revenue Projections

The GHP financial projections are split into four distinct time periods for observation – construction of the Great Hall (2017-2021), full operation of the Great Hall prior to construction of a new terminal (2022-2037), operations following the opening of a new terminal (2038-2050), and constrained operations (2050-2051). The construction of the new terminal and the O&D enplanement constraint disrupts the otherwise steady growth of revenues over the projections. The below exhibit summarizes the total revenue projections for the Great Hall, presented in real terms (2016 prices).

Exhibit 10-11: Total Revenue Projections (in real 2016 prices)



CAGR by Revenue Line Item

Category	2022 – 2037	2038 - 2050	2022-2050
Concessions – F&B	1.3%	2.6%	1.1%
Concessions – Retail	2.5%	2.5%	1.7%
Concessions – Duty Free	3.4%	2.8%	2.3%
Other (CAM & Marketing Fund)	0.8%	0.8%	0.4%
Total Revenues	2.1%	2.4%	1.4%

Source: ICF

As noted above, Great Hall revenues are related to passenger traffic. Therefore, revenues follow a similar pattern as the projected Great Hall traffic, experiencing an 18% year-over-year decline in total revenues from 2037 to 2038, when the new terminal is expected to open. After project opening, ICF projects revenues to grow due to increasing enplanements and real increases in the SEPs across Great Hall concessions.

Terminal concession revenue collected from retail, food & beverage, duty free, and services is expected to generate up to 88% of total revenues until the first full year of Great Hall operation. The remaining 12% represent revenues retained by the Developer to cover the costs of CAMs and Marketing Fund. The projected revenues for the Great Hall is anticipated to grow in real terms from \$12.2 million in 2022, and to \$16.6 million by 2037.

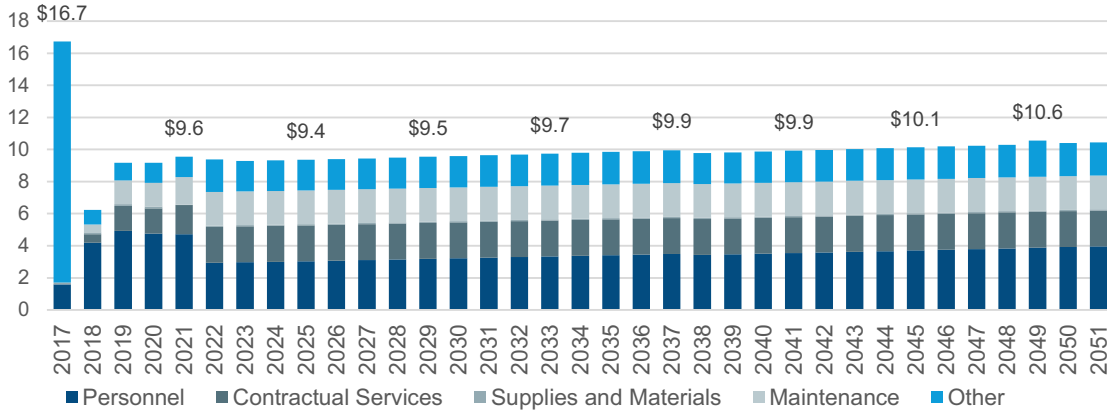
The projections anticipate the impact of a new Denver passenger terminal opening in 2038, the result of which will reduce total revenues in 2038 to \$13.7 million. Thereafter, revenues are projected to grow at 2.4% per annum until traffic reaches the Great Hall’s Passenger Capacity Threshold (27.7 million O&D enplanements), resulting in total revenues of \$18.2 million in 2050. Total revenues level off through 2051, because the Great Hall facility will reach the passenger cap agreed to in the DA as a compensation event.

10.3.2 Operating Cost Projections

The below exhibit presents the expected total operating cost projections for the Great Hall.

Exhibit 10-12: Total Operating Cost Projections (in real 2016 prices)

USD, millions



CAGR by Operating Cost Line Item

Category	2022 – 2037	2038 - 2050	2022 - 2050
Personnel	1.1%	1.1%	1.0%
Contractual Services	0.0%	0.0%	0.0%
Supplies & Materials	0.4%	0.3%	0.2%
Maintenance	0.0%	0.0%	0.0%
Other	0.0%	0.5%	0.3%
Total Operating Expenses	0.4%	0.5%	0.4%

Source: ICF

Operating costs for 2017 are estimated to be approximately \$17 million due to Developer expenses owed at the beginning of construction. Personnel costs will represent the bulk of expenses through the construction period. Contractual Service costs are not anticipated to be fully developed during this phase as the Great Hall is not fully operational, and space in service is a primary factor in the projection of operating expenses.

Once the Great Hall is fully operational in 2022, personnel costs are anticipated to fall by 40% year-over-year as the project sheds that portion of the staff which has been dedicated to the construction phase. Contractual services increase by 23% over the same time period with the completion of all the Great Hall Project and opening of all commercial units. Additionally, maintenance and other expenses increase to reflect the use of the Great Hall. Total operating expenses amount to \$9.3 million in 2022.

Following Project completion, operating expenses grow at an annual average rate of 0.4%. The Great Hall does not experience significant cost savings due to O&D enplanements diverted to the new terminal. This is a result of these line items being more sensitive to changes in commercial space than to changes in passengers. Operating expenses fall 1.7% from 2037 to 2038.

Total operating expenses are assumed to continue to grow at a rate of 0.5% through 2050, and at 0.3% per year thereafter. In 2050, the first year where O&D enplanements hit the Passenger Capacity Threshold (27.7 million originating passengers), operating expenses will level at \$10.4 million and remain at this level during the final year of the projections.

10.3.3 Annual Supplemental Payments

The Great Hall Project will be largely structured as an availability-based project, and assumes limited commercial risk. Concession revenues from the Great Hall will be shared between GHP and the Owner (20% and 80% respectively); and annual supplemental payments from Substantial Completion (November 2021) will be paid from the Owner to the Developer as a Junior Contract Obligation at the Junior Lien level.

The Annual Supplemental Payments from the Owner are scheduled to be \$24.02 million (2016 dollars) beginning at Substantial Completion and indexed as follows:

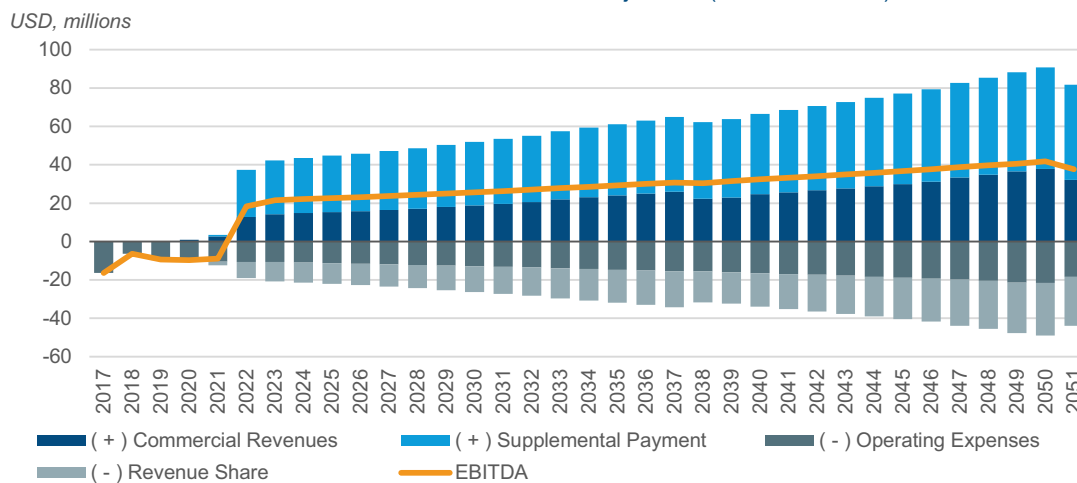
- ▶ The O&M Payment is calculated as the amount, in real 2016 dollars, of the total operating expenses estimated for the first full-operating year (i.e. 2022). This value is indexed annually with CPI⁵⁴;
- ▶ The Capital Payment is calculated as the total Annual Supplemental Payment minus the O&M Payment, in real 2016 dollars. This amount is not indexed with CPI but instead it is escalated at a fixed annual indexation rate of 2.5% (from 2017 onward).

Because the Annual Supplemental Payments are to be made in current dollars – ICF has presented our EBITDA projections in the next section in nominal terms.

10.4 EBITDA Projections

The below exhibit shows the EBITDA projections for the GHP, with the breakdown of its major components, Commercial Revenues, Supplemental Payments, Operating Expenses, and the Revenue Share.

Exhibit 10-13: Total EBITDA Projections (in nominal terms)



CAGR by EBITDA Line Item

Category	2022 – 2037	2038-2050	2022- 2050
O&D Enplanements	2.0%	1.6%	1.1%
Revenues & Supplemental Payments	3.8%	3.2%	3.2%
Operating Expenses & Revenue Share	4.0%	3.7%	3.4%
EBITDA	3.5%	2.7%	3.0%

Source: ICF, the Developer

ICF projects negative EBITDA amounts for the Project during construction, delaying positive cash flows until after construction is completed. Over the first full year of operations, the projected EBITDA is \$18.2 million given the increase in revenues and steady levels of operating expenses.

Net commercial revenues, which are gross commercial revenues less a revenue share paid to the Owner, are 15% of total operating cash sources through the Concession Operating Period. The remaining 85% is linked to monthly supplemental payments paid by the Owner to the Developer. This strong, consistent performance represents a stable source of cash across the Great Hall.

From 2023-2037, ICF projects EBITDA to grow from \$21.5 million to \$30.8 million in nominal terms. In 2038, when ICF anticipates a reduction in Great Hall traffic due to the construction of a new terminal at the Airport, Commercial Revenues fall to \$22.3 million from \$26.0 million the prior year. This decrease in revenues is offset by a reduction in the Revenue Share of \$2.5 million, year over year, resulting in only a slight decline in EBITDA

⁵⁴ Long term CPI assumption in the Base Case is 2.2% per annum.

through the opening of the new terminal. Following the construction of a new terminal, EBITDA continues to grow at a rate of 2.7% per annum, compared to O&D enplanement growth of 1.6%. This is driven by traffic growth outpacing real growth in operating expenses. In 2038, EBITDA amounts to \$30.4 million and grows to \$41.8 million in 2050, the year the Great Hall hits its traffic constraint. From 2050 to 2051, EBITDA falls 9.8% with traffic growth no longer driving revenue increases.

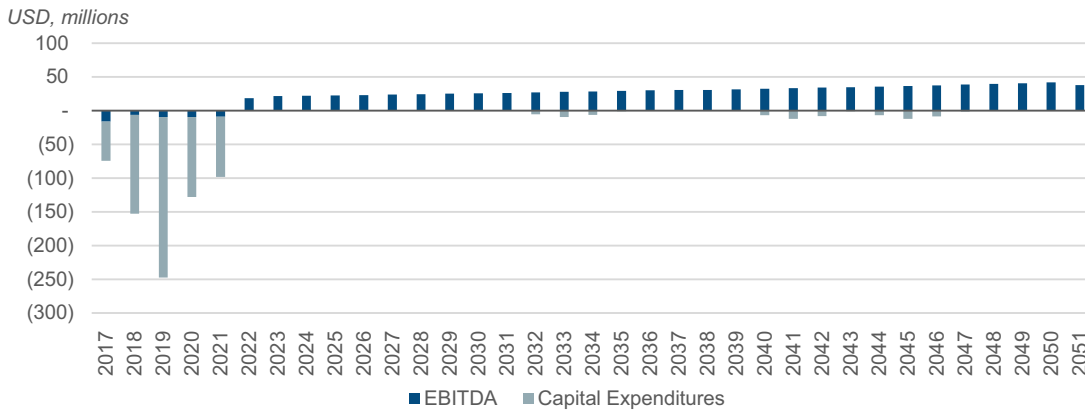
10.5 Operating Cash Flows

Operating cash flows over the Project and Concession Operating Periods are stable through the projections. On average, commercial net revenues (calculated as commercial revenues less the revenue share) represents 14.8% of the total revenue stream of the transaction (calculated as commercial net revenues and supplemental payments). This stable source of cash flow is due to the strong anticipated performance for the concession program in the Great Hall.

The operating cost cash flows through the Concession Operating Period have contractual and Maintenance services representing 44% of total operating costs, on average. Additionally, 17% of operating expenses are pass through expenses for the marketing fund and Common Area Maintenance charges. The final large portion of operating expenses represent staff costs, which the Developer and ICF expect to remain stable through the Concession Operating Period.

Uses of operating cash flow include the initial capital expenditures and maintenance capital expenditures for the Great Hall. Maintenance capital expenditures projections are small compared to the robust cash flow, amounting to only 9.5% of EBITDA.

Exhibit 10-14 Operating Cash Flow Projections (in nominal terms)



Source: ICF, the Developer

10.6 Financing Plan

The ICF business plan assumptions feed into the Developer’s financial model. The following sections present information that has been provided by the Developer which presents the financing plan proposed for the Great Hall Project, and the cashflow ability to service debt.

10.6.1 Equity Financing

The Equity for this Project will be fully committed from the outset of the transaction. A letter of credit from at least an A- rated financial institution will be required at Financial Close until the equity is drawn to protect the City and bondholders and enable Equity draws appropriate to achieving the most competitive all-in cost of capital.

10.6.2 Debt Financing

10.6.2.1 Main Terms and Conditions of the Debt Financing

Revenue Bonds are expected to be tax exempt bonds which have lower borrowing costs than taxable bonds or bank debt, allow for a longer tenor and are potentially attractive to a large investor base. The use of long-term bonds avoids any refinancing risk and has been proven to be an easy to execute, reliable source of long term capital. The parameters of the bonds issuance are shown below.



Exhibit 10-15 Parameters of Revenue Bonds Facility Issuance

Key Details	Long-term Tax Exempt Facility
Type	Senior secured long-term fixed rate Revenue Bonds Facility, subject to Alternative Minimum Tax
Purpose	Proceeds of the bonds will be used to pay for qualified costs related to the project
Final Maturity Date	32 years from issue date
Issuance Amount	[\$202.8] million
Security	The bonds will be secured by a first priority lien in and over the collateral upon the terms and subject to the conditions specified in the security documents
Credit Rating	TBD
Reference Interest Rate for Benchmarking	AAA MMD Index.
Hedging Arrangements	N/A – Revenue Bonds are fixed-rate obligations
Availability Period	The bonds will be issued at Financial Close and the proceeds deposited directly to certain sub-accounts of the Construction Proceeds Account
Interest During Construction	Paid from funds in the Bonds Interest Reserve Sub-Account
Interest Payment Dates	Semi-annually in arrears in March and September of each year
Principal Final Repayment	Fully amortized through September 30th, 2049 (2 years tail).
Debt service cover ratio	1.81x

Note: Preliminary and subject to change

Source: the Developer

10.6.2.2 Debt Withdrawal, Repayment and Credit Metrics

All project debt will be issued upfront and the funds placed in a construction proceeds account. The exhibit below illustrates the withdrawals from the bond subaccount under the financing plan.

Exhibit 10-16 Estimated Withdrawals (nominal, USD thousands)

USD, millions

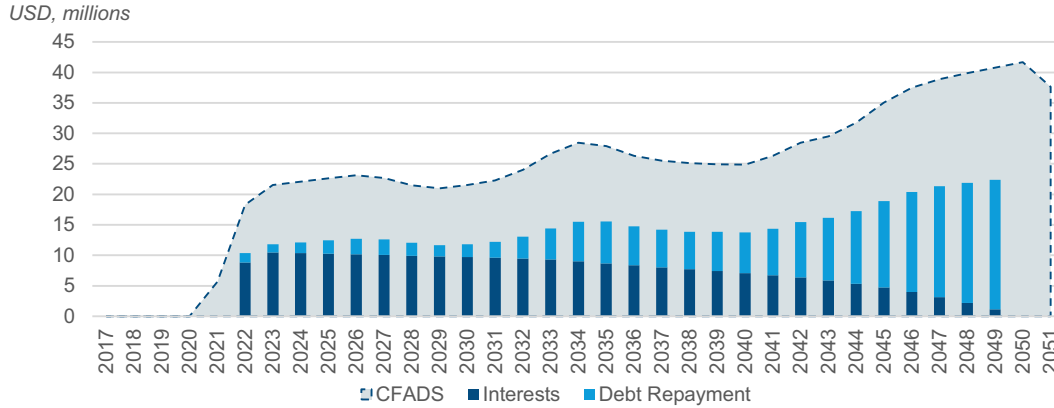


Source: The Developer

The Revenue Bonds will be fully amortized using an amortization profile after Substantial Completion. The long-term financing results in a two year tail between final maturity and end of concession.

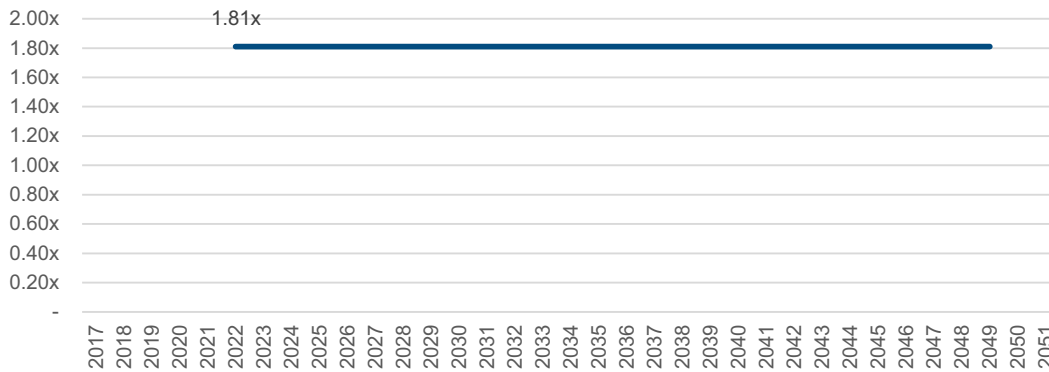
The cash flow available for debt service and the debt service coverage ratio for the entire period are shown in the exhibits below.

Exhibit 10-17 Cash flow available for debt service (thousands of USD, nominal prices)



Source: The Developer

Exhibit 10-18 Debt service coverage ratio



Source: The Developer

10.6.2.3 Debt Reserve Accounts

As part of the debt security package, the following cash funded reserve accounts have been included as reserves to cover debt service payments. This is to be further developed in the financing documents:

- ▶ Bond Interest Reserve Sub-Account (BIRA).
- ▶ Debt Service Reserve Account (DSRA).
- ▶ Major Maintenance Reserve Account (MMRA).

10.6.2.4 Summary of Project, Debt and Equity Cash Flows

The exhibit below summarizes the main financial figures of our plan. The bond facility is drawn down (debt withdrawal) and repaid (debt repayments) in accordance with the assumptions explained above. Equity is to be injected in years 2020 and 2021 having been guaranteed through a letter of credit from Project inception.

Exhibit 10-19 Financial Summary (nominal thousands of USD)

Cash Flow													
Year	Total	2017	2018	2019	2020	2021	2022	2027	2032	2037	2042	2047	2051
Commercial Revenues	722,152	-	-	336	994	2,718	12,866	16,406	20,520	25,953	26,675	33,363	32,104
Supplemental Payment	1,173,291	-	-	-	-	786	24,459	30,784	34,641	38,983	43,871	49,374	49,534
Opex	(516,165)	(16,406)	(6,379)	(9,553)	(9,997)	(10,511)	(10,594)	(11,863)	(13,574)	(15,533)	(17,368)	(19,879)	(18,371)
Revenue Share	(518,550)	-	-	(195)	(663)	(1,911)	(8,449)	(11,572)	(14,002)	(18,649)	(19,106)	(24,028)	(25,592)
Minor Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	860,728	(16,406)	(6,379)	(9,412)	(9,666)	(8,918)	18,282	23,756	26,984	30,754	34,072	38,830	37,675
Phase I Total Payments	(650,000)	(58,114)	(146,258)	(237,811)	(118,532)	(89,285)	-	-	-	-	-	-	-
Major Maintenance	(81,599)	-	-	-	-	-	(25)	(121)	(5,334)	(156)	(8,144)	(1,393)	(47)
Capex	(731,599)	(58,114)	(146,258)	(237,811)	(118,532)	(89,285)	(25)	(121)	(5,334)	(156)	(8,144)	(1,393)	(47)
Operating cash flow	129,129	(74,521)	(152,637)	(247,223)	(128,198)	(98,203)	18,257	23,635	21,650	30,598	25,927	37,436	37,627
Financial Revenues	7,790	-	-	-	-	0	91	139	410	258	439	197	-
Interests	7,790	-	-	-	-	0	91	139	410	258	439	197	-
Bonds Proceeds Account	202,848	95,988	44,776	62,084	-	-	-	-	-	-	-	-	-
Progress Payments	479,245	21,193	109,812	184,975	91,550	71,715	-	-	-	-	-	-	-
Drawdowns	682,093	117,181	154,589	247,059	91,550	71,715	-	-	-	-	-	-	-
L/T Bond Repayment	(202,848)	-	-	-	-	-	(1,526)	(2,561)	(3,549)	(6,168)	(9,078)	(18,206)	-
L/T Bond Interest & Fees	(256,055)	1,440	(10,517)	(10,520)	(10,524)	(12,218)	(8,824)	(10,042)	(9,488)	(8,030)	(6,348)	(3,108)	-
Debt Service	(458,903)	1,440	(10,517)	(10,520)	(10,524)	(12,218)	(10,349)	(12,603)	(13,037)	(14,198)	(15,425)	(21,314)	-
LoCs	(8,821)	(688)	(2,730)	(2,718)	(1,970)	(714)	-	-	-	-	-	-	-
Reserve Accounts & LoCs	(8,821)	(42,948)	7,412	7,424	8,173	(967)	3,152	(831)	1,158	(4,922)	1,314	761	-
Cash flow before Equity Contribution	351,287	1,153	(1,153)	(3,260)	(38,999)	(39,674)	11,150	10,340	10,182	11,736	12,256	17,080	37,627
Equity Contribution	81,933	-	-	3,260	38,999	39,674	-	-	-	-	-	-	-
Cash flow before Shareholders Distribution and Tax	433,220	1,153	(1,153)	0	(0)	(0)	11,150	10,340	10,182	11,736	12,256	17,080	37,627
Dividends	(351,287)	-	-	-	-	-	-	-	(10,182)	(11,736)	(12,256)	(17,080)	(37,627)
Equity Redemption	(81,933)	-	-	-	-	-	(11,150)	(10,340)	-	-	-	-	-
Cash Flow EoP	-	1,153	(1,153)	-	-	-	-	-	-	-	-	-	-
Coverage Calculation													
Year	Total	2017	2018	2019	2020	2021	2022	2027	2032	2037	2042	2047	2051
CFADS	Nominal \$000	843,566	-	-	-	-	5,681	18,279	22,681	24,046	25,528	28,467	37,627
Interests & Fees	Nominal \$000	213,717	-	-	-	-	-	8,824	10,042	9,488	8,030	6,348	3,108
Debt Repayment	Nominal \$000	202,848	-	-	-	-	-	1,526	2,561	3,549	6,168	9,078	18,206
DSCR - 6 Months	(Calculation @ 30 sep)	x	-	-	-	-	-	1.81x	1.81x	1.81x	1.81x	1.81x	1.81x
DSCR - 12 Months	(Calculation @ 30 sep)	x	-	-	-	-	-	1.81x	1.81x	1.81x	1.81x	1.81x	1.81x

Source: The Developer

11. SENSITIVITY ANALYSIS

A sensitivity analysis was developed to assess the impact of an ongoing 10% reduction in traffic (which also translates into 10% reduction of O&D enplanement going through the Great Hall) projections presented in this Report.

Exhibit 11-1 presents the key results of the sensitivity analysis versus the Base Case, including the impacts on total traffic, revenues, Opex and DSCR. This scenario assumes no impacts to the CapEx nor the Maintenance CapEx.

Exhibit 11-1: Sensitivity Analysis versus Base Case

Sensitivity Summary	Total	2017	2018	2019	2020	2021	2022	2027	2032	2037	2042	2047	2051	
Total PAX														
Base Case (Developer Execution)	'000 PAX	2,755,586	59,364	61,304	63,007	64,591	65,743	66,906	73,759	82,110	90,384	79,011	86,451	67,691
Sensitivity: -10% Traffic	'000 PAX	2,586,419	53,428	55,173	56,706	58,132	59,169	60,215	66,383	73,899	81,346	88,919	77,833	62,492
Impact	'000 PAX	(169,167)	(5,936)	(6,130)	(6,301)	(6,459)	(6,574)	(6,691)	(7,376)	(8,211)	(9,038)	9,907	(8,618)	(5,199)
	Delta (%)	(6.14%)	(10.00%)	(10.00%)	(10.00%)	(10.00%)	(10.00%)	(10.00%)	(10.00%)	(10.00%)	(10.00%)	12.54%	(9.97%)	(7.68%)
Total Net Revenues (incl. Revenue Share)														
Base Case (Developer Execution)	Nominal \$000	1,376,893	-	-	140	331	1,593	28,876	35,619	40,559	46,287	51,440	58,709	56,046
Sensitivity: -10% Traffic	Nominal \$000	1,362,477	-	-	131	308	1,506	28,429	35,118	39,925	45,487	51,903	57,685	55,531
Impact	Nominal \$000	(14,416)	-	-	(9)	(23)	(87)	(448)	(501)	(634)	(800)	463	(1,024)	(516)
	Delta (%)	(1.05%)	-	-	(6.64%)	(6.86%)	(5.43%)	(1.55%)	(1.41%)	(1.56%)	(1.73%)	0.90%	(1.74%)	(0.92%)
Total Opex (excl. Revenue Share)														
Base Case (Developer Execution)	Nominal \$000	516,165	16,406	6,379	9,553	9,997	10,511	10,594	11,863	13,574	15,533	17,368	19,879	18,371
Sensitivity: -10% Traffic	Nominal \$000	515,603	16,406	6,379	9,552	9,995	10,508	10,544	11,795	13,489	15,428	17,651	19,754	18,297
Impact	Nominal \$000	(563)	-	-	(1)	(1)	(3)	(51)	(68)	(85)	(105)	283	(126)	(74)
	Delta (%)	(0.11%)	-	-	(0.01%)	(0.01%)	(0.03%)	(0.48%)	(0.58%)	(0.63%)	(0.68%)	1.63%	(0.63%)	(0.40%)
Debt Service Coverage Ratio (LTM DSCR @ 30 sept)														
Base Case (Developer Execution)	x	-	-	-	-	-	-	1.81x	1.81x	1.81x	1.81x	1.81x	1.81x	-
Sensitivity: -10% Traffic	x	-	-	-	-	-	-	1.78x	1.78x	1.77x	1.76x	1.82x	1.77x	-
Impact	x	-	-	-	-	-	-	(0.03x)	(0.03x)	(0.04x)	(0.05x)	0.01x	(0.04x)	-

The impact of this sensitivity to the DSCR is very limited and always above 1.75x throughout the Project Operating Period and well in excess of the minimum requirement.



12. APPENDIX

The profile of passengers at Denver International Airport is, from a concession development point of view, almost ideal. Based on a 2013 survey, passengers are well educated, have high incomes, fly frequently and have long dwell times. Key, and desirable, characteristics of the traveler population include:

- ▶ 70% of travelers have a college or graduate degree;
- ▶ 26% of travelers have a household income of over \$150k;
- ▶ 48% of travelers surveyed at DEN take between 3-9 trips per year; and
- ▶ The average passenger dwell time is 2 hours 39 minutes.

A summary of key findings from the 2013 survey is found below:

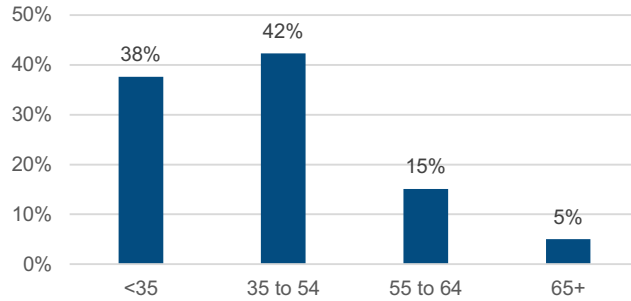
Exhibit 12-1 Survey Key Findings

Gender	
Male	46.3%
Female	53.7%
Age	
<35 years	37.6%
35-54	42.3%
55-64	15.1%
65+	5.0%
Income	
Less than \$25,000	8.8%
\$25,000-\$49,000	13.1%
\$50,000-\$74,000	17.0%
\$75,000-\$99,000	14.7%
\$100,000-\$149,000	21.3%
\$150,000-\$200,000	12.6%
More than \$200,000	12.6%

Passenger Income	
Some high School or less	0.7%
High School Graduate/GED	7.0%
Some College/Technical School	22.0%
College Grad/Technical School Grad	42.2%
Graduate of Post-Graduate School	28.0%
Travel Purpose	
Leisure	58.4%
Business	26.7%
Both	14.9%
Flights per Month	
0	3.8%
1-2	27.6%
3-5	34.4%
6-9	14.0%
10 or more	19.8%
Dwell time	
Originating in Denver	2.5 hrs
Transferring Passengers	3.0 hrs
Business Travelers	2.5 hrs

The traveler population skews younger, with 80% of passengers under the age of 54.

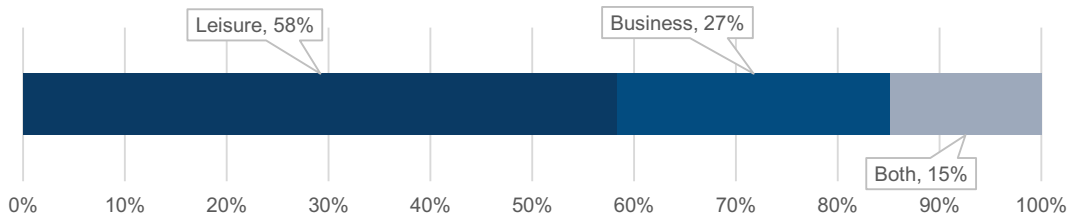
Exhibit 12-2 Respondents, 2013



Generally, it has been found in airports that younger travelers tend to spend more than older travelers, so this statistic bolsters commercial opportunities.

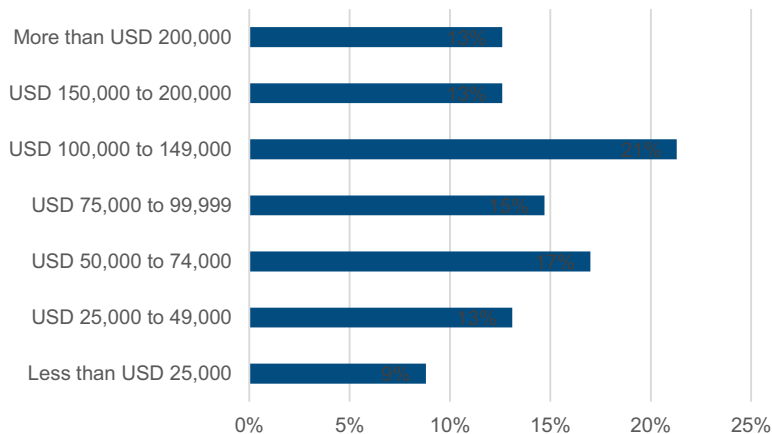
A large majority of DEN travelers are leisure travelers. Vacation travelers are often freer spenders, as they wish to start their holiday at the Airport. The 27% of business travelers are also important, as this population tends to have a higher average transaction value, as they are often traveling on an expense account, and tend to have higher average incomes.

Exhibit 12-3 Purpose of Travel of Survey Respondents, 2013



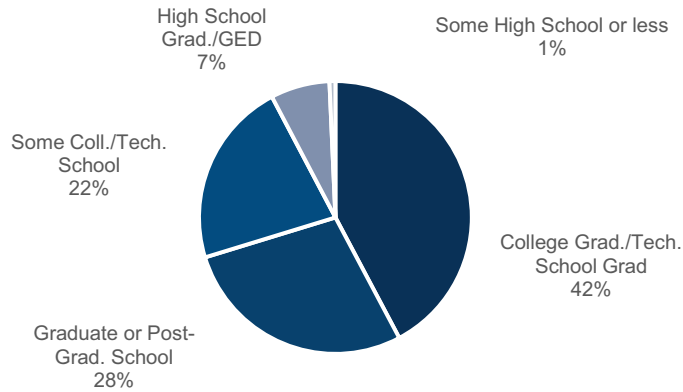
DEN travelers tend to have high incomes with fully 47% having incomes over \$100,000.

Exhibit 12-4 Household Income Level of Respondents



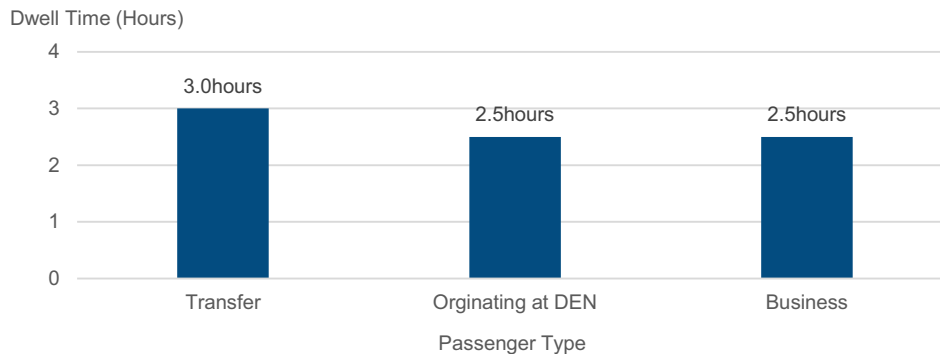
DEN travelers are also well educated. This bodes well as these travelers are more sophisticated, tend to have a taste for the finer things in life and also tend to have more money to spend on such desires.

Exhibit 12-5 Education Level of Respondents



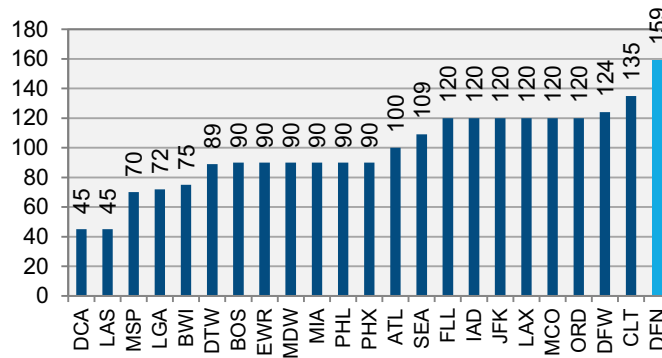
Dwell times (the time between when a traveler arrives at the Airport and her/his scheduled departure time) are high enough to offer a substantial amount of time for shopping and/or dining. Key to the Great Hall project, O&D passengers, originating at DEN, have an average dwell time of 2.5 hours. This indicates that there is sufficient time for these travelers to shop in the Great Hall before they board the trains to their concourses. Key to providing these travelers with the comfort to shop before they go to their gates will be ensuring that they know that they have sufficient time; providing them with the level of comfort necessary to spur shopping behavior.

Exhibit 12-6 Dwell Time of DEN Survey Respondents by Passenger Type, 2013



This dwell time is even stronger when considered in comparison with other US airports. DEN has passengers in the Airport for a significantly longer period of time than any other airport, even other hub airports such as Cleveland Douglas International (CLT), Dallas/Fort Worth International (DFW) and Orlando International (ORD).

Exhibit 12-7 Average Dwell Time in Minutes, 2014



An interesting characteristic of travelers at DEN is their frequency of travel. 48 percent of survey respondents said they traveled between 3 and 9 times per year, and 20 percent reported traveling over 10 times per year. With nearly 70 percent frequent travelers, they are aware of the concessions available to them on the concourses and therefore are able to understand the differences between the concourse concession program and those brands and experiences offered in the Great Hall. They also understand how long it will take them to reach their gates, and therefore can better gauge the time they have available to enjoy the Great Hall offerings, rather than just running for their gate the moment they have cleared security procedures.

The behavioral characteristics of DEN travelers also lend strong support to the opportunity that is the Great Hall. According to the 2013 survey, almost 90 percent of travelers entered at least one concession and 67 percent of these shoppers bought something from at least one concession. This speaks to both the types of travelers that frequent DEN and the need for concessions that respond to their needs, wants and interests.

Beyond demographic classifications, in 2014, DEN undertook an in-depth effort to understand their passengers and their characteristics. This study classified travelers into six distinct groups.

Explorers: These travelers are optimists who love the novelty of travel, are energetic and open-minded about new experiences and like to share their thoughts and opinions with others, often through social media.

Elites: These are frequent travelers who value status and who are both career and family oriented. They are demanding of their travel experience and want access to options to fit a variety of travel occasions.

Experts: Travelers who think of travel as routine and who consider themselves to be travel experts and advice givers. They aren't easily impressed, nor fazed, and desire a streamlined and productive airport experience.

Escapists: These travelers enjoy travel as a treat and a break from normal routine. They are infrequent, but enthusiastic travelers who approach air travel with wide-eyed excitement, an optimistic outlook and an appreciative attitude.

Aspirers: These travelers feel stressed by their real-life constraints – they struggle to balance personal interests, careers, and children – but tend to indulge and treat themselves beyond their usual budgets. They tend to feel that airports are chaotic, which makes them uneasy.

Earlybirds: These are infrequent, anxious travelers who find the airport travel experience stressful and filled with unexpected hassles. Flying is a means to get from Point A to Point B, a process they dread and wish they could get through as quickly as possible.

DEN then broke these six categories into three others based on spending habit analysis:

Priority Targets for Strategy and Growth	Revenue Targets	Opportunistic Targets
Explorers	Aspirers	Escapists
Elites		Experts
		Earlybirds

Each of these categories, to a greater or lesser extent, have the potential to be airport shoppers. However, it is believed that people who are typified in certain groups are more likely to spend, particularly in the high end shops planned for the Great Hall.

Explorers and Elites were deemed the best targets upon whom revenue growth could be developed. These travelers tend to be more affluent and, while having the greatest needs, are most willing to spend on them, and to share their experiences. This sharing through social media is particularly important, as people depend on such reviews to a far greater extent than in the past. Positive reviews from Explorers are a great, and free, marketing tool.

Aspirers will spend money, given the opportunity and shops that appeal to them. Their desire to indulge themselves makes them strong candidates to shop, particularly in specialty retail and sit-down restaurants they can view as a treat and a taste of the "good life."

Escapists are infrequent traveler who enjoy the experience of being in an airport. Offering them shops and dining experiences that are different from those in which they usually partake are the key to potentially enticing this type of traveler to spend money in the Great Hall.

Experts and Earlybirds are the toughest submarket for concessions, for very different reasons. Experts just want to breeze through the airport. They know where they are going and they know what they want and are not easily diverted from their paths. Earlybirds are scared of the whole airport process and just want to get through it without losing something at a security checkpoint or missing their flight. Earlybirds are the prototypical "gate huggers" who go straight to their holdrooms as soon as they clear through security and who are then afraid to venture out of sight of the gate for fear that their flight will leave without them. These types of passengers are unlikely to spend much time shopping, particularly in the Great Hall.

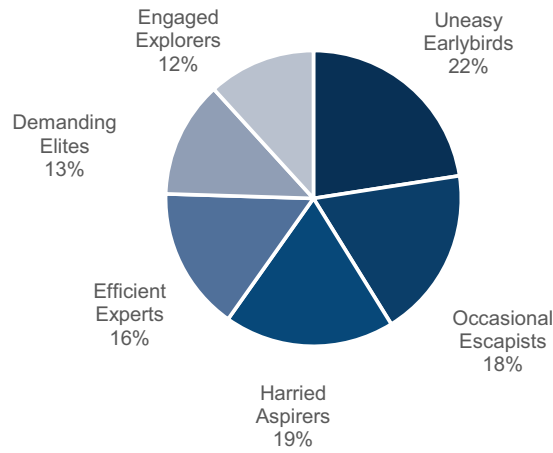
It is easy to see why the Explorers, Elites, and Aspirers are the key groups targeted when their average spend per passenger is viewed against national averages.

Exhibit 12-8 Spends Relative to Other US Domestic Averages

Explorers	+32%
Elites	+62%
Experts	-27%
Escapists	-24%
Aspirers	+6%
Earlybirds	-49%

The targeted groups comprise, in total, 25 percent of DEN's travelers, with Aspirers adding another 19 percent of the total users of the airport and Escapists a final 19 percent. A majority of DEN travelers are strong potential customers for the Great Hall.

Exhibit 12-9 Share of Traveler Population



Elites and Explorers share many drivers of satisfaction in their lifestyles. This allows the Great Hall concession program to be tailored to meet the needs of both of these key groups together. These drivers include:

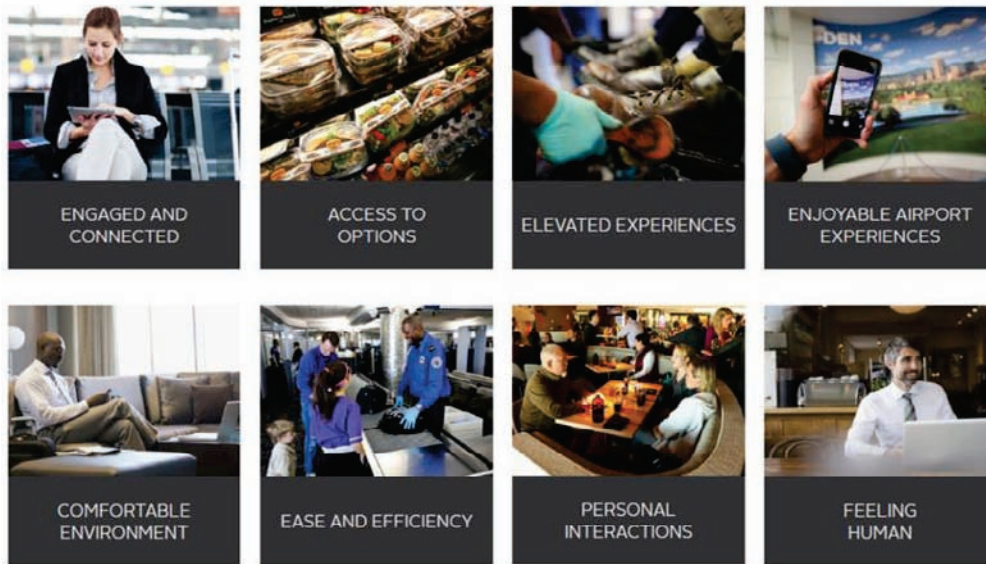
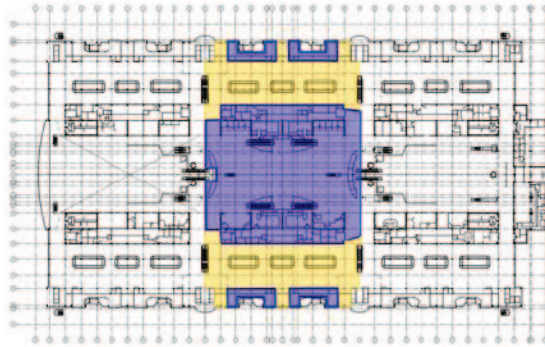
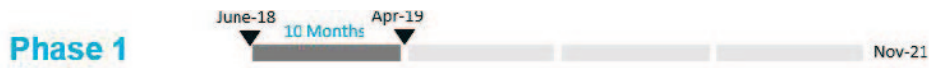
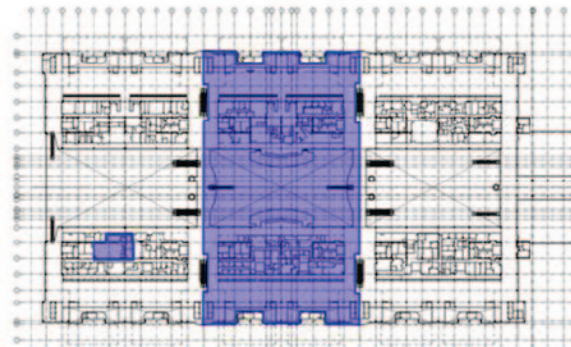


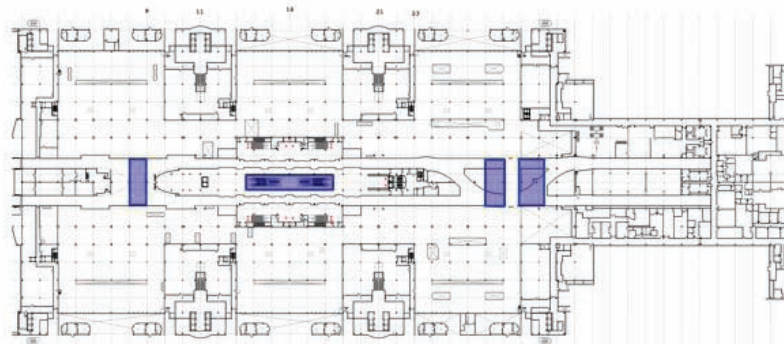
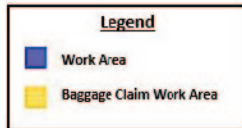
Exhibit 12-10 Project Phasing and Timing



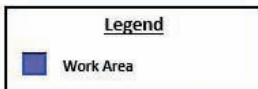
Level 5

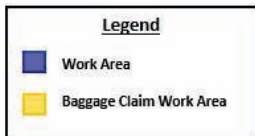
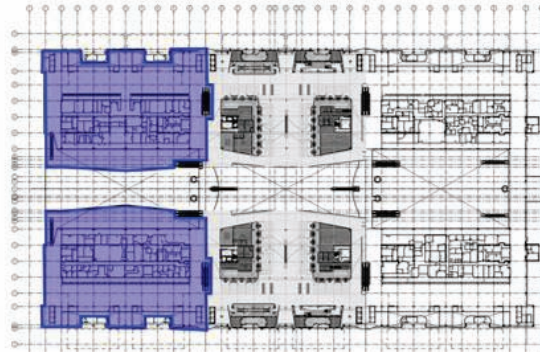
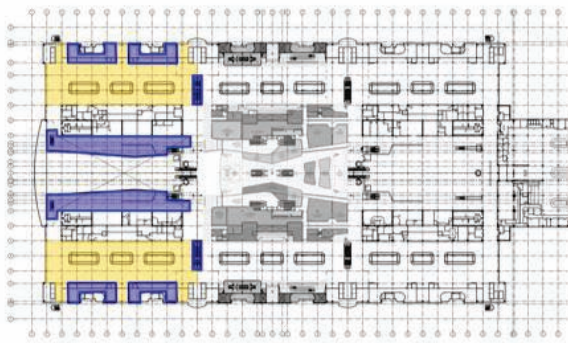
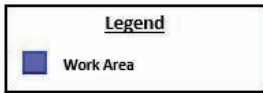


Level 6

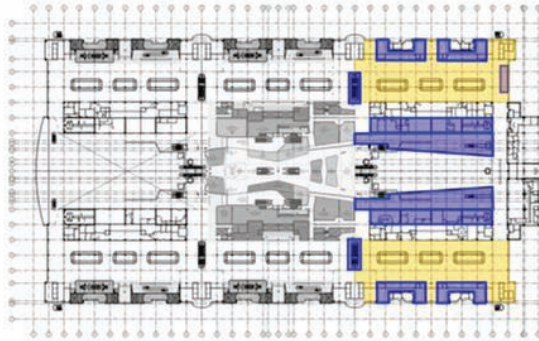


Level 4

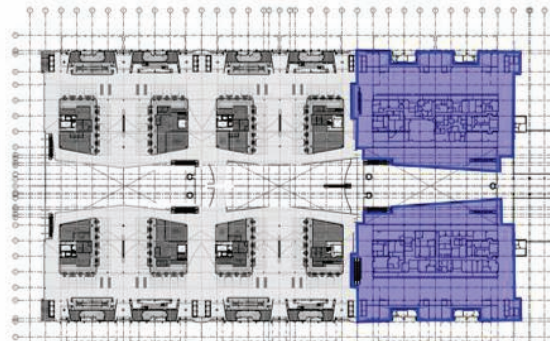




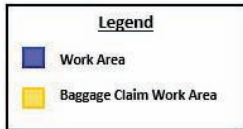
Phase 3



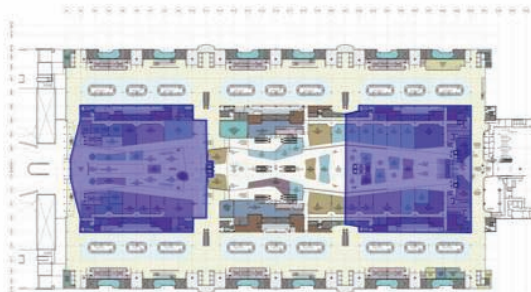
Level 5



Level 6



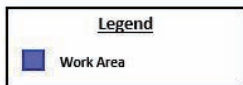
Phase 4



Level 5

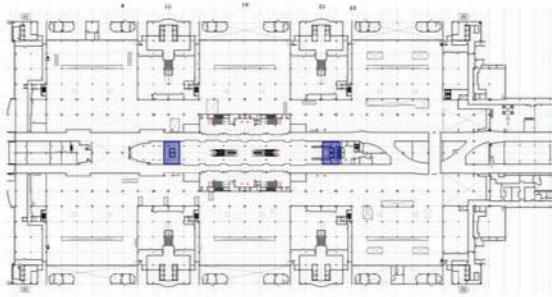


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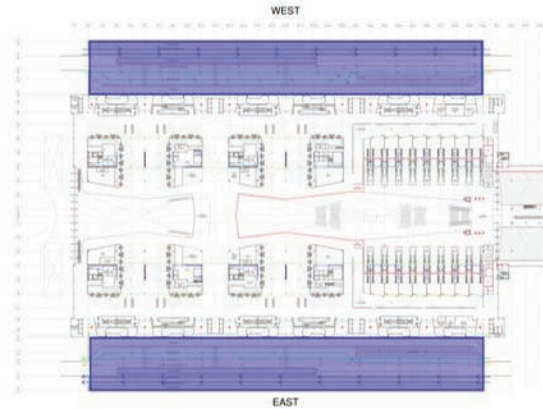


Phase 4

Oct-20
12 Months
Nov-21



Level 4



Level 6

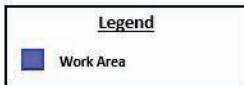


Exhibit 12-11 AERTEC Solutions REPEX Report
[Report provided separately]



DEN

GREAT HALL PROJECT

A PROJECT THAT WILL INSPIRE THE AIRPORT INDUSTRY

REPEX Assessment Report

26th May 2017

Great Hall Project LLC

REPEX INDEPENDENT ASSESSMENT. Report

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1. Background

In June 2016, Great Hall Partners (GHP), a partnership formed by Ferrovial Aeropuertos (FA), Saunders Construction, and JLC was selected by Denver International Airport (DEN) to start technical and commercial negotiations with regards to the enhancement of the iconic Jeppesen Terminal, also known as the Great Hall project.

The Great Hall is the name given to the processor building of Denver International Airport. This building houses airport operations such as check-in, security screening, baggage handling and access to concourses.

The general terms of the agreement consider a first phase of negotiation to set up the basis of a full refurbishment of levels 5 and 6 and a later public – private partnership (PPP) to operate most or the renewed areas.

In July 2016, AERTEC Solutions (AERTEC) together with its partner Ross & Baruzzini (R&B) were appointed by GHP the preparation of an independent assessment of the Capital Expenditure (CAPEX) and Replacement Capital Expenditure (REPEX) accordingly to GHP's scope.

2. Documents received and reviewed

The following documents have been reviewed and assessed during the development of the independent REPEX cost estimate:

- Physical Project Plan, including report, drawings and bill of quantities. Version provided on 17/03/28 and on 17/04/02
- O&M Plan. Version 5.04 received on 16/12/30
- Document “*TR's – O&M Demarcation*”, received on 17/05/04
- O&M-106A and DEN-PDA-LEVEL 5-O&M LIMIT DRAFT drawings which display the expected O&M limits on Level 6, area A and B respectively.
- DEN MPR-2016 Forecast Scenario-2016-10-11 which contains the latest passenger traffic forecast.

In addition, the REPEX costs estimates are based on the construction cost and independent assessment on the allocation between the different components to be replaced, also prepared by AERTEC and R&B as part of this same assignment.

3. REPEX estimation methodology

The REPEX model intends to estimate the annual and overall capital expenditure associated with renewal costs of the assets that make up the infrastructure within the operation and maintenance limits of the Great Hall Project, agreed between GHP and DEN. This estimation is done for an expected concession period of 34 years, after financial close, expected on Q3 2017.

As aforementioned, the REPEX model has been built using the final version of the Physical Project Plan submitted to DEN. This Plan is the basis for the future final design and construction works.

For each main asset group, and based on the available data, a percentage has been estimated which is within the operation and maintenance limits (hereinafter referred as the O&M limits), that GHP is accountable for. In summary, the O&M limits include the airside and landside plazas and public circulation areas on Level 5, as well as some public circulation areas in Level 6. This estimation, based on the agreed split of the operation and maintenance of each item between GHP and DEN, is computed as a percentage of the total assets that make up the total CAPEX. This percentage is included in the “% within the O&M limits” column of, as it is highlighted in green in the next picture:

	CAPEX	% within O&M Limits	Useful Life			AERTEC Lifespan	AERTEC Replacement period	REPEX Ratio	Normal Distribution			REPEX Amount per replacement period	1 2022
			ICAO Ref	ACRP Ref T7.2	ACRP Ref T7.3				Periods	X	Est Dev		
PRELIMINARY WORKS	\$ 68.074.271												
ARCHITECTURE	\$142.876.504												
Walls (exterior facade)	\$ 5.449.998	0%										\$ -	
Partitions (interior)	\$ 17.890.610	30%	20-40	15	75	50	12	30%	3	0	1	\$ 1.610.155	
Floors	\$ 41.598.557	15%	20-40	15	50	40	12	8%	5	0	1	\$ 499.183	
Ceilings	\$ 16.352.887	10%	20-40	10		20	20	100%	3	0	1	\$ 1.635.289	
Lining	\$ 7.415.635	30%	20-40	20	25	35	12	15%	3	0	1	\$ 333.704	
Paint	\$ 3.950.264	50%	20-40	15		12	12	100%	5	0	1	\$ 1.975.132	
Carpentry	\$ 7.300.814	20%	20-40	15		30	25	35%	3	0	1	\$ 511.057	
Glazing	\$ 15.451.903	75%	10-15	15	40	30	12	25%	3	0	1	\$ 2.897.232	
Furnishing	\$ 3.863.994	75%	10-15	15		12	12	100%	3	0	1	\$ 2.897.995	
Counters	\$ 16.080.373	0%										\$ -	
Signage	\$ 7.521.470	50%				25	20	50%	3	0	1	\$ 1.880.367	
STRUCTURES	\$ 47.731.598												
Structures	\$ 41.056.874	0%										\$ -	
Roofing / Waterproofing	\$ 6.674.724	0%										\$ -	
HVAC	\$ 58.307.930												
Equipments. Air handling units	\$ 8.382.715	8%	7-10	20	20	20	20	100%	3	0	1	\$ 644.824	
Equipments. Fan-coil and other units	\$ 6.262.698	15%	7-10	20	20	20	20	100%	3	0	1	\$ 939.405	
Ventilations ducts	\$ 31.362.029	30%	7-10	20	20	20	20	100%	3	0	1	\$ 9.408.609	
Hydronic system	\$ 7.440.997	10%	20-40	30	35	40	20	100%	3	0	1	\$ 744.100	
Control	\$ 4.859.491	15%	7-15			10	12	100%	5	0	1	\$ 728.924	

Image 1. % within the O&M limits for each asset

These correction factors have been assessed in conjunction with the analysis of the latest version of the O&M limits, in order to quantify what needs to be maintained by GHP, and

therefore be considered for lifecycle costing purposes. Asset schedules and graphical demarcation of O&M limits are included in section 5 of this document.

Each asset group has a given estimated lifespan, as included in the “Lifespan” column (see picture below), which represents the overall average span of time after which a full replacement of the system would be required.

	CAPEX	% within O&M Limits	Useful Life			Lifespan	Replacement period	REPEX Ratio	Normal Distribution			REPEX Amount per replacement period	2022		
			ICAO Ref	ACRP T7.2 Ref	ACRP T7.3 Ref				AERTEC	AERTEC	Periods			X	Est Dev
PRELIMINARY WORKS	\$ 68.074.271														
ARCHITECTURE	\$142.876.504														
Walls (exterior facade)	\$ 5.449.998	0%										\$ -			
Partitions (interior)	\$ 17.890.610	30%	20-40	15	75	50	12	30%	3	0	1	\$ 1.610.155			
Floors	\$ 41.698.667	15%	20-40	15	50	40	12	8%	5	0	1	\$ 499.183			
Ceilings	\$ 16.352.887	10%	20-40	10		20	20	100%	3	0	1	\$ 1.635.289			
Lining	\$ 7.415.635	30%	20-40	20	25	35	12	15%	3	0	1	\$ 333.704			
Paint	\$ 3.950.264	50%	20-40	15		12	12	100%	5	0	1	\$ 1.975.132			
Carpentry	\$ 7.300.814	20%	20-40	15		30	25	35%	3	0	1	\$ 511.067			
Glazing	\$ 15.451.903	75%	10-15	15	40	30	12	25%	3	0	1	\$ 2.897.232			
Furnishing	\$ 3.863.994	75%	10-15	15		12	12	100%	3	0	1	\$ 2.897.995			
Counters	\$ 16.080.373	0%										\$ -			
Signage	\$ 7.521.470	50%				25	20	50%	3	0	1	\$ 1.880.367			
STRUCTURES	\$ 47.731.598														
Structures	\$ 41.056.874	0%										\$ -			
Roofing / Waterproofing	\$ 6.674.724	0%										\$ -			
HVAC	\$ 58.307.930														
Equipments. Air handling units	\$ 8.382.715	8%	7-10	20	20	20	20	100%	3	0	1	\$ 644.824			
Equipments. Fan-coil and other units	\$ 6.262.698	15%	7-10	20	20	20	20	100%	3	0	1	\$ 939.405			
Ventilations ducts	\$ 31.362.029	30%	7-10	20	20	20	20	100%	3	0	1	\$ 9.408.609			
Hydronic system	\$ 7.440.997	10%	20-40	30	35	40	20	100%	3	0	1	\$ 744.100			
Control	\$ 4.859.491	15%	7-15			10	12	100%	5	0	1	\$ 728.924			
FIRE PROTECTION	\$ 11.327.018														
Fire extinguishers	\$ 80.366	0%							3	0	1	\$ -			
Sprinklers	\$ 1.461.859	11%	20-40	15		25	20	100%	5	0	1	\$ 164.768			
Pipes	\$ 9.784.803	0%										\$ -			

Image 2. Lifespan considered for each asset

However, correct asset renovation strategy does not wait until the lifespan expiration of an entire the asset. Furthermore, not all assets within an asset group will be renovated at the same time. To account for these two aspects, two additional variables are defined: the “Replacement period” and “REPEX ratio”, marked in the next picture in green and orange respectively.

	CAPEX	% within O&M Limits	Useful Life					Normal Distribution			REPEX Amount per replacement period	1 2022	
			ICAO Ref	ACRP T7.2 Ref	ACRP T7.3 Ref	AERTEC Lifespan	AERTEC Replacement period	REPEX Ratio	Periods	X			Est Dev
PRELIMINARY WORKS	\$ 68.074.271												
ARCHITECTURE	\$142.876.504												
Walls (exterior facade)	\$ 5.449.998	0%										\$	-
Partitions (interior)	\$ 17.890.610	30%	20-40	15	75	50	12	30%	3	0	1	\$	1.610.155
Floors	\$ 41.598.557	15%	20-40	15	50	40	12	8%	5	0	1	\$	499.183
Ceilings	\$ 16.352.887	10%	20-40	10		20	20	100%	3	0	1	\$	1.635.289
Lining	\$ 7.415.635	30%	20-40	20	25	35	12	15%	3	0	1	\$	333.704
Paint	\$ 3.950.264	50%	20-40	15		12	12	100%	5	0	1	\$	1.975.132
Carpentry	\$ 7.300.814	20%	20-40	15		30	25	35%	3	0	1	\$	511.057
Glazing	\$ 15.451.903	75%	10-15	15	40	30	12	25%	3	0	1	\$	2.897.232
Furnishing	\$ 3.863.994	75%	10-15	15		12	12	100%	3	0	1	\$	2.897.995
Counters	\$ 16.080.373	0%										\$	-
Signage	\$ 7.521.470	50%				25	20	50%	3	0	1	\$	1.880.367
STRUCTURES	\$ 47.731.598												
Structures	\$ 41.056.874	0%										\$	-
Roofing / Waterproofing	\$ 6.674.724	0%										\$	-
HVAC	\$ 58.307.930												
Equipments. Air handling units	\$ 8.382.715	8%	7-10	20	20	20	20	100%	3	0	1	\$	644.824
Equipments. Fan-coil and other units	\$ 6.262.698	15%	7-10	20	20	20	20	100%	3	0	1	\$	939.405
Ventilations ducts	\$ 31.362.029	30%	7-10	20	20	20	20	100%	3	0	1	\$	9.408.609
Hydronic system	\$ 7.440.997	10%	20-40	30	35	40	20	100%	3	0	1	\$	744.100
Control	\$ 4.859.491	15%	7-15			10	12	100%	5	0	1	\$	728.924

Image 3. Replacement period and REPEX ratio considered for each asset

Replacement period represents the average frequency of REPEX investment for each asset group. Typically, within each asset group there are elements which are subject to greater use and wear and tear, whereas others are either more resilient or are not subject to such high demands. Whereas the average lifespan of an asset group may be high, there will be need for certain replacement investment sooner than by the estimated end of life, even though that investment will be a fraction of the original CAPEX investment.

The REPEX ratio variable accounts for the fact that not 100% of the original asset group is to be replaced at a single time, but only a fraction of it. It has been assessed for each asset group as the percentage of the associated CAPEX which is to be replaced each time there is a REPEX investment. This variable is included in the “REPEX ratio” column.

The use of these two variables drives to take into account that, for instance, the 30% of the interior partitions shall be replaced after 12 years.

These two variables have been assessed considering the particularities of the Physical Project Plan, industry good practices (such as ICAO DOC 9562 Airport Economics Manual ranges for depreciation periods, and ACRP 68 “Guidebook for Evaluating Terminal Renewal Versus Replacement Options and some others), and the experience of our team during the last 10 years working on airport terminals design, construction, operation and maintenance consultancy commissions, in Europe, Middle East, Latin America and the USA. Specifics on the assumptions leading to the determination of these variables for each asset group are included, later in this document (see section 4).

The REPEX cost, or REPEX unit investment amount for each asset group, is then calculated by multiplying the CAPEX amount times the percentage of the item considered within the

O&M Limits and by REPEX ratio. The result is presented in the column marked in green, as it is shown:

	CAPEX	% within O&M limits	Useful Life			AFRTFC Lifespan	AFRTFC Replacement period	REPEX Ratio	Normal Distribution			REPEX Amount per replacement period	1 2022
			ICAO Ref	ACRP T7.2 Ref	ACRP T7.3 Ref				Periods X	Est Dev			
PRELIMINARY WORKS	\$ 66,074,271												
ARCHITECTURE	\$142,076,504												
Walls (exterior facade)	\$ 5,449,588	0%									\$ -		
Partitions (interior)	\$ 17,890,610	30%	20-40	15	75	50	12	30%	3	0	1	\$ 1,610,155	
Floors	\$ 41,598,557	15%	20-40	15	50	40	12	8%	5	0	1	\$ 499,183	
Ceilings	\$ 16,352,007	10%	20-40	10		20	20	100%	3	0	1	\$ 1,635,208	
Lining	\$ 7,416,635	30%	20-40	20	25	35	12	15%	3	0	1	\$ 355,734	
Hart	\$ 3,950,264	50%	20-40	15		12	12	100%	5	0	1	\$ 1,575,132	
Carpentry	\$ 7,300,814	20%	20-40	15		30	25	35%	3	0	1	\$ 511,057	
Glazing	\$ 10,451,903	75%	10-15	15	40	30	12	20%	3	0	1	\$ 2,657,232	
Furnishing	\$ 3,063,594	75%	10-15	15		12	12	100%	0	0	1	\$ 2,057,995	
Counters	\$ 16,080,313	0%										\$ -	
Signage	\$ 7,521,470	50%				25	20	50%	3	0	1	\$ 1,550,357	
STRUCTURES	\$ 47,731,598												
Structures	\$ 41,056,074	0%										\$ -	
Roofing / Waterproofing	\$ 6,674,724	0%										\$ -	
HVAC	\$ 58,307,930												
Equipments, Air handling units	\$ 8,382,715	8%	7-10	20	20	20	20	100%	3	0	1	\$ 644,824	
Equipments, Fan-coil and other units	\$ 0,262,098	15%	7-10	20	20	20	20	100%	3	0	1	\$ 555,402	
Ventilations ducts	\$ 21,362,020	30%	7-10	20	20	20	20	100%	3	0	1	\$ 9,405,900	
Hydronic system	\$ 1,440,581	10%	20-40	30	35	40	20	100%	3	0	1	\$ 1,111,100	
Control	\$ 4,859,491	15%	7-15			10	12	100%	5	0	1	\$ 725,924	

Image 4. REPEX investment for each asset per replacement period

These REPEX costs are then distributed throughout the full concession period as per the replacement periods considered for each item (see image 3).

Finally, to account for how REPEX investments are applied in real life, each REPEX investment is defined as a normal probability distribution. This probability distribution reflects the proportion of assets in a population (after correcting with the REPEX ratio) that will be replaced at a given age. The shape of the probability distribution reflects the replacement characteristics across the asset group using a normal distribution. For each CAPEX group the model allows the adjustment of the investment period (1, 3 or 5 years), which allows advancing or delaying the investment, and the standard deviation (lower values concentrate the investment around the mean year, and higher values tend to distribute the investment evenly between the period years).

	CAPEX	% within O&M Limits	Useful Life			AERTEC Lifespan	AERTEC Replacement period	REPEX Ratio	Normal Distribution			REPEX Amount per replacement period	1 2022
			ICAO Ref	ACRP T7.2 Ref	ACRP T7.3 Ref				Periods	X	Est Dev		
PRELIMINARY WORKS	\$ 68.074.271												
ARCHITECTURE	\$142.876.504												
Walls (exterior facade)	\$ 5.449.998	0%									\$ -		
Partitions (interior)	\$ 17.890.610	30%	20-40	15	75	50	12	30%	3	0	1	\$ 1.610.155	
Floors	\$ 41.598.557	15%	20-40	15	50	40	12	8%	5	0	1	\$ 499.183	
Ceilings	\$ 16.352.887	10%	20-40	10		20	20	100%	3	0	1	\$ 1.635.289	
Lining	\$ 7.415.635	30%	20-40	20	25	35	12	15%	3	0	1	\$ 333.704	
Paint	\$ 3.950.264	50%	20-40	15		12	12	100%	5	0	1	\$ 1.975.132	
Carpentry	\$ 7.300.814	20%	20-40	15		30	25	35%	3	0	1	\$ 511.057	
Glazing	\$ 15.451.903	75%	10-15	15	40	30	12	25%	3	0	1	\$ 2.897.232	
Furnishing	\$ 3.863.994	75%	10-15	15		12	12	100%	3	0	1	\$ 2.897.995	
Counters	\$ 16.080.373	0%										\$ -	
Signage	\$ 7.521.470	50%				25	20	50%	3	0	1	\$ 1.880.367	
STRUCTURES	\$ 47.731.598												
Structures	\$ 41.056.874	0%										\$ -	
Roofing / Waterproofing	\$ 6.674.724	0%										\$ -	
HVAC	\$ 58.307.930												
Equipments. Air handling units	\$ 8.382.715	8%	7-10	20	20	20	20	100%	3	0	1	\$ 644.824	
Equipments. Fan-coil and other units	\$ 6.262.698	15%	7-10	20	20	20	20	100%	3	0	1	\$ 939.405	
Ventilations ducts	\$ 31.362.029	30%	7-10	20	20	20	20	100%	3	0	1	\$ 9.408.609	
Hydronic system	\$ 7.440.997	10%	20-40	30	35	40	20	100%	3	0	1	\$ 744.100	
Control	\$ 4.859.491	15%	7-15			10	12	100%	5	0	1	\$ 728.924	
FIRE PROTECTION	\$ 11.327.018												
Fire extinguishers	\$ 80.356	0%							3	0	1	\$ -	
Sprinklers	\$ 1.461.859	11%	20-40	15		25	20	100%	5	0	1	\$ 164.768	
Pipes	\$ 9.784.803	0%										\$ -	
PLUMBING	\$ 9.329.528												

Image 5. Parameters for normal distribution of the REPEX

4. Assumptions and exclusions

The main assumptions for the REPEX model are summarized below:

- The model has been prepared based on the construction price provided by the DBJV and split by category based on an independent estimation by AERTEC and R&B.
- Useful life considered for each asset is the typical obtained by the “Method of the Factors” described in the standard ISO 15686. This method weights factors such as quality of the components, quality of the construction / installation works, internal and external conditions, usage conditions and expected level of maintenance, in order to obtain an estimated useful life customized for each project.
- Particular attention has been paid to all assets within the O&M Limits, subject to be kept or reused, and with an expected remaining service life over 5 years from the finalization of the construction works. The replacement time for these assets has been computed in the model as per their current life and condition.
- Only assets within the O&M Limits are subject to participate of the REPEX for which GHP is accountable for.
- A split ratio has been applied to those assets which maintenance is done both by DEN and GHP in accordance to the O&M limits (see image 1). The ratio is based on areas / assets that GHP is responsible for the maintenance and operation, calculated as a percentage of the total, as per the instruction of the O&M Limits.
- Replacement periods (see image 3) are based on planned useful life and typical renewal of part or the asset in order to reach the useful life. It assumes also that the appropriate planned preventive and corrective maintenance will be carried out in accordance with good industry practice and manufacturer’s Operation and Maintenance Manuals.
- Replacement periods for items which are entirely outside of the O&M Limits (i.e. exterior façade) have not been considered.
- No consideration has been given to ensuring a minimum useful life after handback. On the contrary, it has been only assumed that assets will be operating and performing properly.

- A constant Consumer Price Index (CPI) of 2.3% for the concession period has been adopted.
- The model starts on 2022, assumed to be year 1 of the Operations period. A constant 2.3% CPI has been assumed from 2017 to 2022 to set up year 2022 costs.
- No high technology elements, systems or installations have been included within the REPEX. On this regard, REPEX for all the assets directly related to the “Passenger Experience” is not included in the model. These are out of the Developer’s scope.
- The specific assumptions made for each asset that can be found or is affected by the O&M limits, are summarized below:
 - Partitions: only partitions within or on the boundaries of the O&M limits have been considered. This section only deals with the masonry to build the partition. Finishes and special materials are covered in the “Linings” asset group. Also, it has been assumed that there will be changes in the internal division of the tenant’s area, which lead to assume a relocation of the partitions in this area. This is the reason for having selected a short period of time for renewal.
 - Flooring: only flooring within the O&M limits (part of the public circulation areas) has been considered. Terrazo is the material selected for these areas, and its typical service life is higher than the concession period. Toilets will count on tile, which is effectively subject to be renewed. GHP is also accountable of the exposed concrete in tenant’s area (which do not require REPEX, due to its nature and that it will serve as an underlying layer for the floor that each tenant will install). As a result, only toilets within the O&M limits are considered in the calculation of the flooring REPEX.
 - Ceilings: the major part of the areas within the O&M limits are open space and are covered by the current canopy. New ceilings within the O&M limits cover a limited surface. Materials considered are large integrated panels, and acoustic metal panels in the circulation areas and metal panel systems in toilets. These have been considered in the REPEX model. On the contrary, areas to be used by the tenants will be left open to structure, so no reposition expenditure is required.
 - Lining: this relates to all sorts of finishes, walls coverings and the like of the partitions considered in the “Partitions” asset group. Hence, the percentage within the O&M limits of both asset groups is the same.

- Paint: as per the Physical Project Plan, paint will be applied in corridors, storage areas and offices. Most of these are outside the O&M limits, but there are some walls which are right on the boundaries of the areas within GHP's scope. These areas are the ones computed in the REPEX, where a full renewal of the paint every 12 years has been considered.
- Carpentry: wooden and metallic carpentry within or on the boundaries of the O&M limits have been included, with the exception of security doors.
- Glazing: most of the glazing to be installed is located within or in the border of the O&M limits. That is the reason for the 75% of the total CAPEX considered as investment subject to be renewed. The major part is to be installed in the open space in the middle of the building between levels 5 and 6. This is considered part of GHP's scope. On the contrary, glass installed in the TSA area is out of the O&M limits. Glazing is an element likely to be replaced frequently in an airport, and a replacement period of 12 years is considered suitable at this stage.
- Furnishing: Most of the furniture will be installed in or around public circulation areas, and in particular, in the check-in area (outside the O&M limits) and in the landside and airside plazas. Typically, the quantity of elements in the areas within our scope or significantly higher than the quantity in the check-in areas. As a result, 75% of the total furnishing to be renewed every 12 years is a realistic assumption.
- Structures: maintenance must be provided by GHP for the load bearing systems and signs support within the O&M physical limits. This has been computed as part of the signage. As a result, there is no REPEX associated to the structures.
- HVAC: to evaluate the REPEX required for this asset, we have taken into consideration the document "TR's – O&M Demarcation" provided by GHP. This document details the assets to be operated and maintained by GHP as well as the extent of such maintenance. As per this document, and further clarifications obtained, we have considered:
 - Air handling units serving the concession and public circulation spaces within the O&M limits in level 5, including exhausts.
 - HVAC equipment serving the concession space within the O&M physical limits. It includes the ductwork from the connection to the main duct to the point of use. This has been calculated to

represent 25% of the HVAC equipment, 30% of the ducts and 0% of the hydronic system included in the entire CAPEX. In addition, we have considered 20 years as the renewal period for all these elements, which is in line with the general industry praxis. Finally, HVAC control system is out of the scope.

- Fire protection: Dry chemical suppression systems and fire extinguishers serving the concession area has been included as well as head of those sprinklers within the O&M physical limits. In addition, protection of structures and shell is part of GHP's maintenance scope.
- Plumbing: plumbing is mainly required for toilets and tenant's areas prepared for the installation of kitchens or bars. Regarding the domestic water, gas and sanitary sewer systems, it has been considered in the REPEX that part of the systems from an isolation valve / connection point in the mainline to any point of use, including pipes and fixtures, within the O&M physical limits. It is also included the grease interceptors and other elements within the physical O&M limits. Storm water is out of scope. As a result, the model considers that 50% of the CAPEX in water and gas pipes are within the O&M limits. In the same way, 30% of the sanitary piping system is included in such limits. Finally, maintenance and operation of specialties and plumbing fixtures within GHP's scope has been estimated to be a 30%.
- Electrical system: with regards to this asset, GHP only has within its duties the operation and maintenance of the lighting fixtures and power sockets within the O&M limits, as well as the circuits serving these lights and the corresponding breakers in the distribution panels. Uninterrupted power systems (UPS) that may be required for any electrical element within the O&M physical limits is also included. Lightning protection and emergency generators are out of the scope. The percentage of the lights in the scope, over the total to be installed, has been estimated in 25%. 20% is the percentage applicable for the sockets and 30% for the cables. On top of that, 15% is assumed to be the percentage that the breakers included represent from the entire distribution panels. These estimates allow for renewal of the UPS required.
- Electronic and communications system: racks are not part of GHP's scope. On the other hand, only sockets, access points, antennas and cabling within the O&M limits are to be considered in this assessment.

- Signage and Public Address System (PAS): not in GHP's scope except for non-wayfinding signs within the O&M physical limits, which has been included in the REPEX model.
- Passenger experience: no REPEX assessment has been considered with regard to the passenger experience package.
- Curbside: no REPEX assessment has been considered for this element.
- The rest of elements that participate of the CAPEX are out of the scope of GHP's scope during the concession period, and consequently are not part of the REPEX model.

5. O&M Limits

The following two figures depict the O&M split. Green areas are those to be operated and maintained by DEN. Blue areas are the surfaces for which GHP are accountable for. Finally, areas depicted in yellow are also within GHP's O&M limits but are subject to be concessioned to third parties.

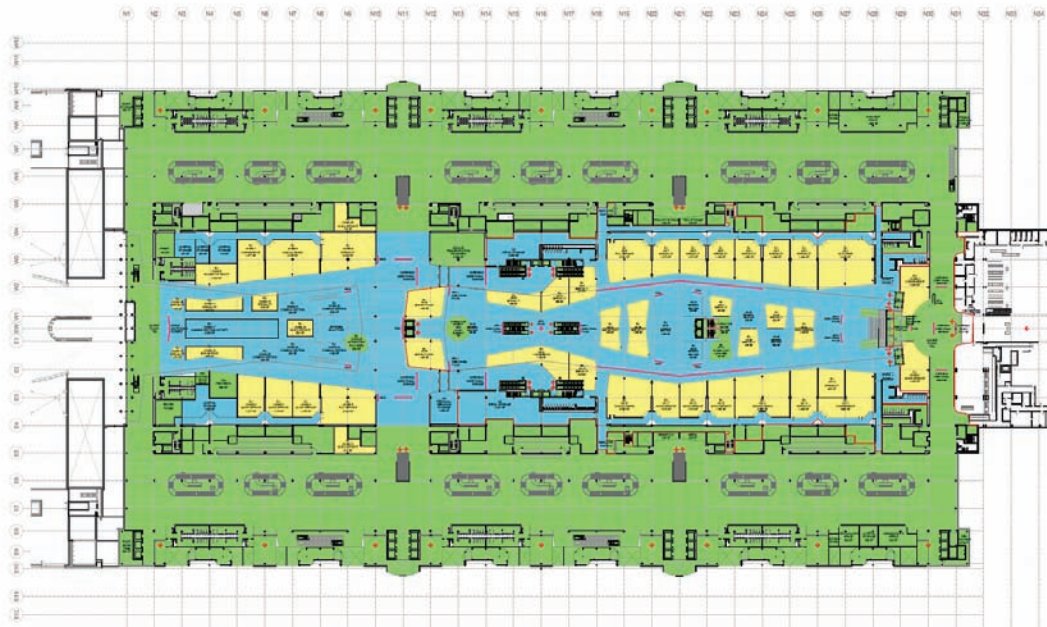


Illustration 1. Physical O&M limits Level 5.

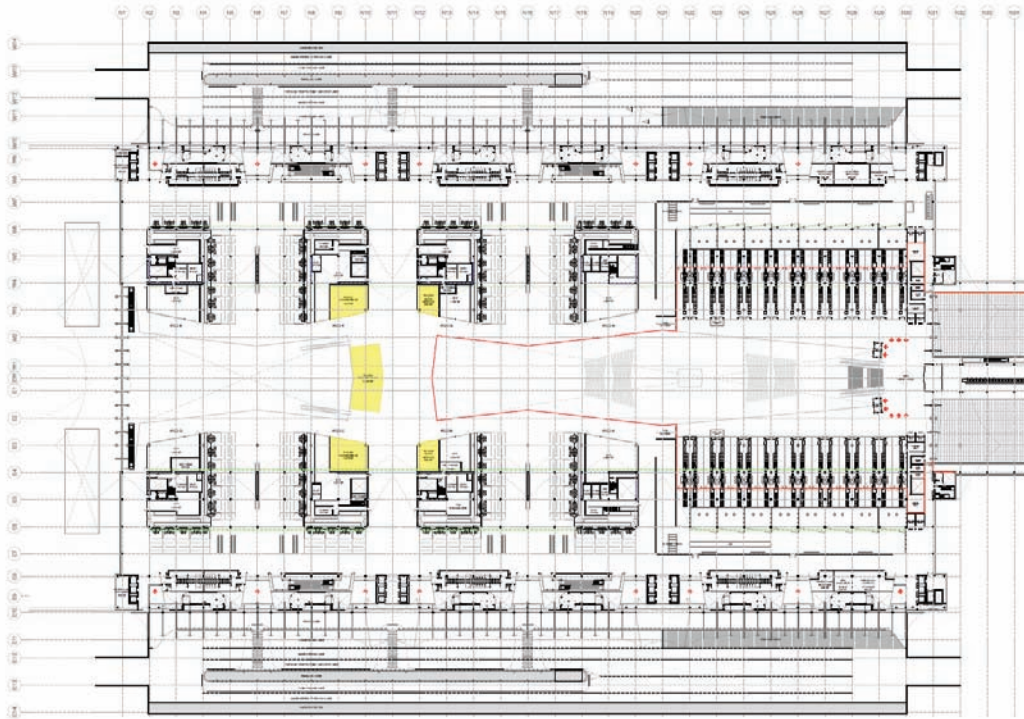


Illustration 2. Physical O&M limits Level 6.



Appendix – O&M responsibilities split

Appendix 8: O&M Tables

Table III.1. Demarcation Points and Allocation of O&M Work Responsibilities for Systems

Demarcation Points shall be identified in final Record Documents BIM subject to Owner’s review and comment that such Demarcation Points comply with requirements set forth in the Contract Documents.

Table III.1.a Utility Demarcation Points and Allocation of O&M Work Responsibilities for Utility Systems

ID	SYSTEMS	DEMARCATIION POINTS (DP)	O&M WORK RESPONSIBILITY	
			(Column A) OWNER O&M Work	(Column B) DEVELOPER O&M SERVICES
HEATING, VENTILATING, AIR CONDITIONING				
1.	hydronic system	n/a	complete hydronic system	none other than coordination with the Owner
2.	air handling units used for smoke control	n/a	all air handling units used for smoke control	none other than coordination with the Owner
3.	air handling units serving shell loads and Public Circulation Space (not within the O&M limits)	n/a	all air handling units serving shell loads and Public Circulation Space not exclusive to the O&M limits	none other than coordination with the Owner
4.	air handling units serving Concession Space and Public Circulation Space within level 5 O&M Limits (including exhausts)	n/a	none within the Core O&M Limits	all air handling units serving Concession Space (including exhausts) within the Core O&M Limits
5.	HVAC Equipment (excluding air handling units) exclusively serving Concession Space within the O&M Limits	ductwork connection from the main duct to each Concession Space	new and existing system from the central utility plant to DP	new and/or existing system from DP to point of use within the Core O&M Limits

ID	SYSTEMS	DEMARCATON POINTS (DP)	O&M WORK RESPONSIBILITY	
			(Column A) OWNER O&M Work	(Column B) DEVELOPER O&M SERVICES
PLUMBING				
6.	domestic water system	isolation valve downstream from the internal distribution mainline to Concessions supply	new and existing system from main water line tap to DP	new and/or existing system from DP to point of use within the Core O&M Limits
7.	natural gas system	connection at the meter for new or existing gas lines if internal to the facility or shut off valves places at the Core O&M Limits	New and existing system from service gas line tap to DP	new and/or existing system from DP to point of use within the Core O&M Limits
8.	sanitary sewer system	connection established by Developer to existing main line or lateral	existing system from main sanitary line to DP and new system from DP to point of use outside the Core O&M Limits	new system from DP to point of use within the Core O&M Limits
9.	grease trap system	preliminary interceptors within the Concession Space	grease trap system from existing grease traps outside the Terminal to but excluding the DP	preliminary interceptors and other Elements within the Concession Premises
10.	stormwater system	n/a	all Elements of the stormwater system	none other than coordination with the Owner
ELECTRICAL SYSTEM				
11.	electrical system	distribution panels either existing or installed by Developer	from transformer to and including existing DP	from new DP (including circuit) to point of use within the Core O&M Limits
12.	uninterrupted power system	n/a	any existing or installed system serving the primary building functions or the Owner operations (typically over 200 KVA)	any installed system serving Developer or Concession specific systems or services (typically under 200 KVA) within the Core O&M Limits

ID	SYSTEMS	DEMARCATIION POINTS (DP)	O&M WORK RESPONSIBILITY	
			(Column A) OWNER O&M Work	(Column B) DEVELOPER O&M SERVICES
ELECTRONIC AND COMMUNICATIONS SYSTEMS				
13.	wired local area network (LAN) and telephone systems	Network wall jack(s) within Developer Spaces	from the point of origin to the point of individual device use; including initial provision of wired phone devices with 911 call location detection and replacement of such devices at intervals per the Owner policy	all devices and individual protection of devices and point of use equipment for Developer and Developer Entity use from the network wall jack(s), with the exception of the wired phone devices with 911 call location detection which will be provided by the Owner, unless such devices need to be replaced prior to their intended replacement date per the Owner policy

Table III.1.b Building Systems Demarcation Points and Allocation of O&M Work Responsibilities for Building Systems

ID	SYSTEMS	DEMARCATIION POINTS (DP)	O&M WORK RESPONSIBILITY	
			(Column A) OWNER O&M Work	(Column B) DEVELOPER O&M SERVICES
STRUCTURAL & FINISHES				
1.	structural systems	Core O&M Limits	all load bearing systems with the exception of those noted as being the responsibility of Developer in this item 1, of Table III.1.b of Part III of these Technical Requirements	load bearing systems installed by Developer as part of the Concession Space and sign support systems installed by Developer within the Core O&M Limits

ID	SYSTEMS	DEMARCATON POINTS (DP)	O&M WORK RESPONSIBILITY	
			(Column A) OWNER O&M Work	(Column B) DEVELOPER O&M SERVICES
2.	flooring system	Core O&M Limits	none within the Core O&M Limits	all flooring systems (excluding interactive flooring as part of Customer Experience Elements) within the Core O&M Limits
3.	finishes	Core O&M Limits	none within the Core O&M Limits	all finishes within the Core O&M Limits
4.	furniture, fixtures, and equipment (movable or not)	Core O&M Limits	none within the Core O&M Limits	all furniture, fixtures and equipment within the Core O&M Limits
5.	passage doors (not powered)	n/a	locking mechanisms - barrels and keys - for passage doors	all passage doors within the Core O&M Limits with the exception of door locking systems, including barrels and keys
6.	automatic doors (powered)	n/a	locking mechanisms - barrels and keys - for automatic doors	all automatic doors within the Core O&M Limits with the exception of door locking systems, including barrels and keys
7.	exterior security door systems	n/a	all exterior security doors systems (including hardware, software, access controls, badge readers, employee portals, and biometric systems)	none other than coordination with the Owner
8.	interior security door systems	n/a	all interior security door systems (including hardware, software, access controls, badge readers, employee portals, and biometric systems)	none other than coordination with the Owner

ID	SYSTEMS	DEMARCATON POINTS (DP)	O&M WORK RESPONSIBILITY	
			(Column A) OWNER O&M Work	(Column B) DEVELOPER O&M SERVICES
FIRE PROTECTION				
9.	detection	n/a	existing and new systems	none other than coordination with the Owner
10.	annunciation	n/a	existing and new systems	none other than coordination with the Owner
11.	notification	n/a	existing and new systems	none other than coordination with the Owner
12.	Signage	n/a	existing and new systems	none other than coordination with the Owner
13.	protection of the structures and shell	n/a	protection system outside the Core O&M Limits and all fire dampers	protection system within the Core O&M Limits
14.	suppression within the space	n/a	sprinkler system and fire hose reels	drychem (Ansul) fire suppression systems, sprinklers heads and fire extinguishers serving the Concession Space
ELECTRICAL SYSTEM				
15.	lighting system	light fixtures, either existing or installed by Developer, connecting to the electrical system	lighting system attached to the columns supporting the Great Hall canopy ("crows nests") and emergency lighting	from and including DP to lights within the Core O&M Limits
16.	lightning protection and wire grounding system	n/a	all within and outside of the Core O&M Limits	none other than coordination with the Owner
17.	standby/emergency generators	n/a	all within and outside of the Core O&M Limits	none other than coordination with the Owner
ELECTRONIC AND COMMUNICATIONS SYSTEMS				
18.	Wireless	n/a	all Elements of the wireless communication and information system	none other than coordination with the Owner

ID	SYSTEMS	DEMARICATION POINTS (DP)	O&M WORK RESPONSIBILITY	
			(Column A) OWNER O&M Work	(Column B) DEVELOPER O&M SERVICES
19.	flight information display system (FIDS)	n/a	all FIDS physical assets; system software; system control and operation	none other than coordination with the Owner
20.	baggage information display system (BIDS)	n/a	all BIDS physical assets; system software; system control and operation	none other than coordination with the Owner
21.	train information display system	n/a	all train information display system physical assets; system software; system control and operation	none other than coordination with the Owner
SIGNAGE AND GRAPHICS				
22.	way finding signs	n/a	all way finding signs	none other than coordination with the Owner
23.	non-way finding signs	n/a	none within the Core O&M Limits	all other non-way finding signs within the Core O&M Limits
SPECIALTY SYSTEMS				
24.	CCTV cameras	n/a	all CCTV cameras and associated components	none other than coordination with the Owner
25.	security access control system	n/a	all security access control system components	none other than coordination with the Owner
26.	emergency communication system	n/a	all emergency communication system components	none other than coordination with the Owner
27.	conveyance systems – escalators	north side – bottom of escalators AGTS – top of escalators landside plaza to bridge – bottom of escalators	all O&M Services and cleaning and custodial services on conveyances	none

ID	SYSTEMS	DEMARCATIION POINTS (DP)	O&M WORK RESPONSIBILITY	
			(Column A) OWNER O&M Work	(Column B) DEVELOPER O&M SERVICES
28.	conveyance systems - elevators	elevator doors	all O&M Services and cleaning and custodial services on elevators, including doors	none
29.	stairs, including handrail and any other accouterments directly associated with the functioning of the stairs	north side – top of stairs AGTS – top of stairs	none	landing at top of stairs including handrail and any other accouterments directly associated with the functioning of the stairs

Table III.2. Allocation of Responsibility for Cleaning and Custodial Services

ID	SERVICE	O&M WORK RESPONSIBILITY	
		(Column A) OWNER O&M WORK	(Column B) DEVELOPER O&M SERVICES
1	janitorial and custodial services	all janitorial and custodial services outside of the Core O&M Limits	all janitorial and custodial services within or demarking the Core O&M Limits
2	windows and glass surfaces cleaning	interior and exterior cleaning of perimeter curtain wall and outside facing glass and windows outside of the Core O&M Limits	cleaning of all windows and glass surfaces within and demarking the Core O&M Limits; cleaning of all interior glass on Level 5 and 6, for which at least one side can most easily be accessed from Level 5 for cleaning, including walls and guardrails
3	pest control	all pest control services in the Terminal	none other than coordination with the Owner
4	waste management	disposal of waste delivered by Developer to the appropriate central collection points designated by the Owner	collection, transport in Owner-approved and spill-proof containers, and delivery of wastes generated, collected, or deposited by Users and litter in the Core O&M Limits to the appropriate central collection points designated by the Owner; cleanup of spills generated by Developer at central collection points
5	fry oil recycling	pumping and disposal of fry oils delivered by Developer to the central fry oil collection point designated by the Owner	collection, transport in the Owner-approved and spill-proof containers, and delivery of fry oils generated in the Concession Space to the central fry oil collection point designated by the Owner; cleanup of spills

Table III.3. Demarcation Points and Allocation of O&M Work Responsibilities for Customer Experience Elements

ID	CUSTOMER EXPERIENCE ELEMENT	DEMARCATIION POINTS (DP)	O&M WORK RESPONSIBILITY	
			OWNER O&M WORK	DEVELOPER O&M SRTVICES
1	Media escalators 1	N/A	cleaning, maintenance, programming and refresh of content,	Installation and Warranty Work
2	Media escalators 2	N/A	cleaning, maintenance, programming and refresh of content	Installation and Warranty Work
3	Interactive moment	N/A	cleaning, maintenance, programming and refresh of content	Installation and Warranty Work
4	Overhead cloud feature	N/A	cleaning, maintenance, programming and refresh of content	Installation and Warranty Work
5	Interactive kids area 1	N/A	cleaning, maintenance, programming and refresh of content	Installation and Warranty Work
6	Interactive kids area 2	N/A	cleaning, maintenance, programming and refresh of content	Installation and Warranty Work
7	Interactive water fountain	N/A	cleaning, maintenance, programming and refresh of content	Installation and Warranty Work
8	Iconic airside plaza elements	N/A	cleaning, maintenance, programming and refresh of content	Installation and warranty

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APPENDIX I
TECHNICAL ADVISOR REPORT

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Denver Airport Great Hall Redevelopment

Lenders Technical Advisor Report v6.0



Prepared for:

Prospective Lenders to the

Denver Great Hall LLC

November 2017

One Fetter Lane | London | EC4A 1BR

Denver Airport Great Hall Redevelopment Project

Lenders Technical Advisor Report

Version	Issue Date	Prepared by	Checked by	Approved by
1.0	31-07-2017	LTA Team	DZ	VO
2.0	04-07-2017	LTA Team	DZ	
3.0	10-08-2017	LTA Team	DZ	
4.0	17-08-2017	LTA Team	DZ	VO
5.0	21-08-2017	DZ	DZ	VO
6.0 ¹	16-10-2017	HF	HF	VO

¹ *Infrata has undertaken a subsequent review of Version 6.0 on 21-11-2017 with the only changes limited to: (i) change uses of "Substantial Completion Date" to "Project Substantial Completion Date" and "Final Acceptance" to "Project Final Acceptance", (ii) confirmation of the LTA review of the proposed Draft Amendment 1 to the D&C Contract, and (iii) an additional footnote on Page 17 describing the proposed second amendment to the D&C Contract.*

Important Legal Notice

This is a technical report dealing with the contractual and construction aspects of the Project but does not provide a detailed review of all the technical aspects in relation to the Denver Great Hall Project (the Project). It is intended to highlight issues that are considered to have significant commercial implications in relation to the risk to which the prospective Lenders may be exposed. This report, by its very nature, requires to summarise complex technical provisions. The detailed terms of any contractual documentation referred to in this report should be relied upon for their full effect and not any summaries of such terms that may be contained in this report.

The comments made throughout this report are selective and should not be taken as the only areas where the Lenders may be exposed to risk. The assessment of the risks associated with a Project of this nature is complex and involves (inter alia) an understanding of the interaction of issues where specialist opinion (for example from the Lenders' legal advisers) is required. Lenders should also satisfy themselves on the ability of the Denver Great Hall LLC Consortium and the Contractor to achieve completion by the required dates on the basis of the due diligence, reports and advice of the legal and other professional advisers in addition to the advice of Infrata Limited ("Infrata"). For example, reference should be made to insurance advisers in relation to insurance, which is not addressed in any detail in this report. The fact that a matter is not addressed in this report does not mean that it is not material.

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- Certain statements made in this report that are not historical facts may constitute estimates, Projections or other forward-looking statements. Whilst Infrata believes such forward-looking statements are reasonable and are based on reasonable assumptions as of the date of this report, such forward-looking statements by their nature involve risks and uncertainties that could cause actual results to differ materially from the results predicted. Infrata specifically does not guarantee or warrant any estimate or Projection contained in our report.
- Infrata disclaims any undertaking or obligation to advise any person of any change in any matter affecting this report, which may come or be brought to our attention after the date of this report.
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August 2017

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PROJECT SUMMARY

Project Element	Project Parties	Designation
<p>The Project consists of the design, build, finance, operation and maintenance of the Denver Airport Great Hall Redevelopment Project. The Project includes Levels 5 and 6 of the Great Hall and relocates the TSA from level 5 to level 6, and utilizes the free space at level 5 to develop a new commercial area (airside and landside).</p> <p>The Project will be mainly structured as availability based. Annual supplemental payments will be received from substantial completion of the Project and construction progress payments will be received throughout the construction phase. In addition, the non-aeronautical revenues from the Great Hall will be split between the Developer (20%) and Denver Airport (80%).</p>		
Project Title	Denver Great Hall Project	The Project
Concession Term	34 years from Financial Close	The Term
Target Service Commencement Date	Construction completion 2021	-
Procuring Owner	Denver Airport	Procuring Authorities or Department, DEN, the Owner
Owner Technical Advisor	WJ Advisors Aviation Management Consultants	-
Owner Financial Advisor	KPMG	-
Owner Legal Advisor	Nossaman, O'Melveny & Myers	-
Developer Project Company	Denver Great Hall LLC: Ferrovial Airports (80%) and JLC and Saunders (20%)	the Developer
Consortium Traffic and Business Plan Advisor	ICF International	-
Consortium Legal Counsel	Gibson, Dunn & Crutcher	-
Consortium Local Legal Counsel	Holland & Hart	-
Bond Council	Greenberg Traurig	
Consortium Financial Advisors	Citigroup	-
Lenders' Legal Counsel	Ashurst	LLA
Lenders' Technical Advisor	Infrata Ltd	Infrata, LTA
Lead Contractor	Ferrovial Agroman West LLC (30% of the D&C Works will be performed by Saunders Construction)	Lead Contractor, Contractor
Lead Engineer	Architecture: Luis Vidal + Architects Mechanical: Swanson Rink Structural: Martin/Martin Consulting Engineers	Lead Engineers
Dedicated Construction Subcontractors	TBD	
Operations Company	Self performed by Denver Great Hall LLC: Ferrovial Airports (80%) and JLC and Saunders (20%)	Lead Operator

ACRONYMS

Acronym	Definition
AGTS	Automated Guideway Transit System
AOB	Administrative/Airport Office Building
BIDS	Baggage Information Display System
BIM	Building Information Modelling
CAGR	Compound Annual Growth Rate
CDMP	Concessions Development & Management Plan
CMF	Central Monitoring Facility
CQM	Construction Quality Manager
CS	Curb Side
DA	Development Agreement
DBFOM	Design, Build, Finance Operation and Maintenance
D&C	Design & Construction
D&CC	Design & Construction Contract
DF	Duty Free
DEN	Denver International Airport
DP	Demarcation Points
DQMP	Design Quality Management Plan
EIS	Environmental Impact Statement
EMP	Environmental Management System
EMS	Environmental Management System
EPMP	Environmental Project Management Plan
FAA	Federal Aviation Administration/Authority
F&B	Food & Beverage
FF&E	Furniture, Fixtures and Equipment
FIDS	Flight Information Display System
GDP	Gross Domestic Product
GHP	Great Hall Partners
HVAC	Heating, Ventilation and Air Conditioning
JV	Joint Venture
LCC	Low-Cost Carrier
LEED	Leadership in Energy and Environmental Design

Acronym	Definition
LLC	Limited Liability Company
LTA	Lenders' Technical Advisor
MEP	Mechanical Electrical and Plumbing
MJE	Magic Johnson Enterprises
MOD	Segments in which the Terminal is divided South to North
NTP	Notice to Proceed
O&D	Origin-Destination (as opposed to transfer/connecting passengers)
OECD	Organisation for Economic Cooperation and Development
O&M	Operation and Maintenance
PDA	Pre-Development Agreement
PMP	Project Management Plan
QA	Quality Assurance
QC	Quality Control
QMP	Quality Management Plan
SBC	Sponsor's Base Case
SEP	Sales per Enplaned Passenger
SF / SQFT	Square Foot
SPV	Special Purpose Vehicle
TCO	Temporary Certificate of Occupancy
TR	Technical Requirements
TSA	Transport Security Administration

EXECUTIVE SUMMARY

Infrata Limited ('Infrata') has been appointed by Denver Great Hall LLC as Lenders' Technical Advisor ('LTA') on the Denver Great Hall Project. The role of the LTA at this stage is to carry out due diligence on the Consortium's finalized Project plans and agreements. As such the focus is on potential lender risks in the Project.

Project Description: The Project consists of the design, build and operation and maintenance, over a 34-year concession, of the Denver Airport Great Hall. This structure is the central terminal area of Denver International Airport through which the O&D passengers have to pass when using the airport. The Project includes the relocation of passenger security from level 5 to level 6 and the redevelopment of the free space on level 5 into a new commercial area that will be both 'airside' and 'landside'.

As the Project is limited to redeveloping 2 floors of a terminal building, the LTA considers it is less complex than other airport infrastructure developments and more comparable to, for example, the refurbishment of a shopping mall. The Developer's scope for the O&M is limited to the commercial zones, but not the outlets, and public circulation areas. Third parties are responsible for other areas particularly check-in (operated and maintained by airlines), the security area (TSA), the commercial outlets (sub-concessionaires), and the baggage reclaim halls (Owner).

Contractual structure and key parties: A special purpose project company (Denver Great Hall LLC, comprising: Ferrovial Airports and JLC and Saunders) is set up with pass-down on all design and construction risks to the Contractor (Ferrovial Agroman), except for the excluded works under the D&C Scope. The structure of the parties' contractual arrangement is typical of a Project of this nature. All the members of the SPV and Contractor are well-established and have extensive and relevant experience of working on similar Projects, particularly in the Airports industry (Ferrovial) and Denver Airport itself (Saunders). The Developer will self-perform the O&M obligations which is typical in airport projects.

Project Contracts: The Development Agreement (DA) is in line with North American precedents that the Consortium members have experience of. The DA's features and risk allocation have been widely accepted by the financial community, having been part of previous transactions that have reached Financial Close.

As a result, the Developer is not considered to be exposed to any significantly undue risks. The D&C contract has been formulated on a back-to-back principle with the DA with the Developer's obligations and liabilities, as set out in the DA and in so far as they relate to the D&C Contractor Works, passed down to the D&C contractor.

Security Package: The LTA analysis shows that the overall Liability of the D&C Contractor, including maximum assumed liquidated damages for estimated delays, in the event of termination and replacement, is as high as 26.4% of the Contract Price. The LTA is therefore satisfied that cap on the D&C Contractor liability under the D&C Contract, defined as 35% of the Contract Price, is sufficient to accommodate a replacement of the D&C Contractor as well as delays to completion longer than the long stop date of 365 days.

Payment Mechanism: The Project will be mainly structured as being 'availability based'. Annual supplemental payments will be received from substantial completion of the Project and construction progress payments will be received throughout the construction phase. In addition, the commercial revenues from the Great Hall will be split between the Developer (20%) and Denver Airport (80%).

From a technical perspective, the LTA views the composition of different revenue sources as favourable, particularly with regard to the inclusion of a payment structure for the Construction Period and an Availability Payment mechanism, hedging the demand risk associated with the Commercial Revenue.

Environment and permits: To the best of the LTA's knowledge, there have not been any environmental issues nor any further environmental studies on the Great Hall since its construction. The LTA finds the Environmental Management Plans and supporting documentation to be thorough in their approach, although they are still under development. It is

therefore considered that the Developer is well prepared and organised for the environmental obligations and covenants imposed by the Project.

Due to the very low probable adverse environmental impact associated with the Project, the LTA has deemed it to be 'Category C' under the Equator Principles.

The process for submittal of the Government Approvals is well defined within the Contract Documents, and although it is understood different permits require different lead and processing times depending upon the relevant Government entity, the LTA is comforted that all necessary Approvals for the commencement of Construction are eligible for a Delay Event in the instance of postponed.

Design and Construction: The key elements of the Design and Construction Project are the extension of the floor slabs of level 6 and the rearrangement of level 6 to suit a new lay-out with check-in and security facilities. Current security on level 5 will be removed and the area will be reconfigured for a commercial zone with airside shops and F&B outlets (comprising around two thirds of total Great Hall commercial space) and a new arrivals zone with landside outlets (around one third of commercial). The main construction elements include mechanical equipment, HVAC, and internal walls, flooring and partitions. Given the limited space to be developed and construction elements, the LTA considers the Project to be of low technical complexity.

The requirements given the highest order of precedence (after Volume I, except appendices 3 and 22, as amended) are the Scope Documents, which are the product of design conceptualisation during the PDA Phase involving close cooperation between the Owner and the Developer. This close cooperation should ensure that the risk of Developer failing to properly contemplate or deliver to the Scope of Works is considered lower than normal.

Construction schedule and phasing: The LTA considers the biggest challenge for the Construction of the Work to be the operational Airport environment in which the Contractor must coordinate its activities. However, a detailed strategy for this is set out in detail in the Contractor's proposals for construction management, works phasing and support administration. The strategy is to divide the works into 3 large work areas and 4 project phases thereby allowing full operation of the terminal without compromising capacity. The LTA reviewed the phasing of the works to be highly effective.

At the time of this report, the LTA has been presented with a Baseline Construction Schedule at a 'Summary Activity' level, which is subject to further development and possible revision prior to the Effective Date. The approach adopted by the Developer in the development of the Schedule to date is considered suitable, as are the Developer's proposals for development of its final Schedule. The assumptions regarding working hours, logistics and planning are considered appropriate. The sequence of works at the summary activity level are both logical and within expectations. The LTA notes the cost loaded schedule is in line with the Contract Documents.

Operations and Maintenance: The LTA considers the scope of O&M Services to be limited in comparison with other airport Projects and therefore suitable for a 'self-perform' O&M structure. The Performance Requirements have a clear and simple mechanism and should pose low risk to the Developer, provided all supporting administration and management systems are maintained appropriately. The plans and proposed structure for the delivery of the O&M services have been developed to a suitable level of detail and are deemed sensible in consideration of the Performance Requirements.

Project Costs: The LTA carried out a high level review to verify the estimates and focussed on the robustness of the process that was undertaken to estimate the costs and perform verification checks on outputs. The LTA sees it positively that the Developer and Contractor are very experienced in similar projects, including projects on Denver Airport (Saunders) and major airports (Ferrovia Agroman). The majority of construction elements are relatively standard for building refurbishments and specialist typical airport systems such as Baggage handling equipment, passenger boarding

bridges, security equipment, etc are not included in the scope. The LTA benchmarks the overall capex proposal in light of this scope within the range and is therefore comforted of the appropriateness of the capex estimate.

The Consortium has produced a lifecycle cost model which reflects the proposed rehabilitation strategy provided to the LTA. Lifecycle Costs are limited to a relatively narrow scope of works as only part of the initially constructed areas are within the lifecycle scope of works. Items excluded are for example airline check-in facilities, the fire system other than sprinklers and passenger conveying systems. Due to the Project specific nature of the Lifecycle costs, overall cost benchmarking exercises are difficult. The LTA focussed on assessing the robustness of cost estimation approach and build-up assumptions and considers these to be typical for a project of this nature. The other assumptions regarding useful life, replacement intervals and cost ratios to initial capex also appear reasonable.

Concerning operational costs, the LTA notes that the limited O&M scope of the project reduces Opex compared to other similar airport projects. The most common large items in airport projects are staffing and maintenance, and the LTA notes this is also true in this Project. The LTA considers that the provision of staff levels are adequate and consistent with the functions and roles to be performed by the Developer, staff costs are within the LTA's expectations. Overall, the Opex as forecast by the Developer appears therefore reasonable.

Traffic Forecast: In the LTA's view, the Sponsor's Base Case forecast is reasonable. It forecasts modest growth at a level expected of a major US domestic hub in a mature market. The Base Case forecast adopted by Denver Great Hall LLC is that produced by the Owner. It is moderately lower than the Developer's own forecast and therefore more conservative. Having analyzed the Developer's assumptions, the LTA finds them suitably conservative and in line with industry and broader expectations.

In the interests of considering reasonable worst-case scenarios which may pose risks to lenders, the LTA also requested some sensitivities. These included the most damaging potential shift of airlines possible if a new terminal opens, the maximum possible use of bypasses to the Great Hall (some passengers can go straight to their gate not via the Great Hall), and the collapse of one of the airport's three hub carriers. The impacts, in terms of forecast decreases, ranged from 6% over several years to 20% in one year. In the LTA's opinion, these should not pose a long term effect to the project's overall traffic profile over a significant period of time.

Commercial Revenue: The Developer pays 80% of commercial revenue to the Owner while 20% is kept. The commercial plan contains forecasts of commercial sales and revenue based upon a detailed and complex forecast methodology to adequately cover the unique nature of this project as the commercial revenues are only generated from part of the airport, being the departures/arrivals hall and not the departure gates.

The LTA considers that the Developer has adequately taken all the relevant downsides into account in the forecast spend per enplaned passenger (SEP) to adjust this downwards from typical benchmark projects. Great Hall SEP was US\$1.42 in 2015 and is expected to grow to US\$3.35 by 2021. This represents roughly 2.5x the 2015 SEP in the current layout. The LTA considers this reasonable considering a number of upsides compared with the existing situation, including the increased commercial space, the shift of concessions from all landside presently to mainly airside, an optimised floorplan whereby the commercial outlets are along the main passenger flows, and an optimised commercial brand mix based on a detailed consumer research.

SUMMARY OF KEY ISSUES

Table 0-1 Summary Project Risks and LTA Opinion

Subject	Potential Risks	LTA Opinion
Project Structure and Key Parties		
Contractual structure	Unsuitable contractual structure may lead to gaps in Project coverage of legal obligations.	The LTA considers the structure of the parties' arrangement typical for a Project of this nature and does not consider particular risks in this matter. The LTA notes that both Ferrovial and Saunders are part of the Development Company as well as the Contractor which would support a fair and clear structure for all parties.
Ability to perform the works	Key parties of the SPV, Contractor and Operating company must have relevant credentials to execute the works and operate the airport in line with the contract terms.	All members are well established and have extensive and relevant experience of working on Projects of similar characteristics, particularly in the Airports industry (Ferrovial) and Denver Airport (Saunders).
Payment Mechanism		
Risk of deductions during the bedding in period.	From the LTA's experience, the years in which Operational deductions are deemed most likely are during the first few years of O&M services or the 'bedding-in period'. This is following mobilisation of the O&M staff and aligns with the time during which processes are still becoming embedded and the O&M Supervisors are not yet experienced in their roles.	The LTA has undertaken an assessment of a Worst-Case scenario against the Performance Standard, and finds the risk of deductions to be low in likelihood, even in account of poorer performance during the start-up of the Operating Period.
Environment, Permits and Approvals		
Project Permits	The LTA understands that different necessary Government Approvals for the D&C Work and the O&M Services will be borne by the Developer, the Contractor, the Subcontractors and the Concessionaires, resulting in a high spread of responsibility for permit acquisition across the parties.	Most of the entities tasked with acquiring permits are experienced in the State and should be familiar with the permitting requirements. The Contractor has defined suitable proposals to ensure foresight of Approval requirements are accounted for, facilitated through regular meetings with the Building Department, with the aim of ensuring a more efficient review period for Approvals. Evidence is shown of appropriate engagement with the Building Department to ensure establishment of a working relationship with the Contractor.
Contaminated Materials	In the event that Contaminated Materials must be dealt with by the Developer, the Owner has exclusive decision making Authority where the material must be deposited.	The rare occurrence of contaminated material releases, combined with the low likelihood of additional cost to result from the selection of a depository for such a material means that the risk is low. The LTA also notes that the release of any Contaminated Materials by the Owner that occur after the Effective Date, are required to be reported to a Governmental Entity and render the use of the work site unsafe or in breach of law, is a Type 1 Compensation Event under the DA.



Subject	Potential Risks	LTA Opinion
Denver Airline Airport Committee	The stakeholder group has raised questions regarding the Project and has requested a 120-day extension of the DA to evaluate questions from Third Parties.	<p>The risk is being proactively managed by both the Owner and the Developer, whom will continue to liaise with the Committee in order to provide answers to their questions.</p> <p>The LTA is informed that the requested delay is not being contemplated, and that consent of the Committee is not required for the undertaking of the Project.</p>
Design and Construction Review		
Capacity	Incorrect sizing of facilities and floor areas could lead to the shortage of capacity to process 27.7 million annual passengers	The LTA performed an independent verification of the capacity of the key processing facilities and considers the provision in the Developer proposal sufficient. The LTA therefore does not consider risks in limiting capacity.
Passenger flows	Incorrect planning of facilities can reduce the capacity and disadvantage the passenger experience and potential spending in the commercial zone.	The LTA considers the passenger flows logical and does not see risks relating to bottlenecks or factors limiting the passenger experience.
EDR Design Disagreements	Time constrained window of opportunity to reach a design decision with the Owner on a number of the key architectural and aesthetic features of the work, upon some of which, Owner permission is a prerequisite to proceed with the design.	The risk is capped from the provisions in the DA for Owner Caused Delays (DA, 4.4.3) stating that in the event that the EDR is not given approval within the stated period.
Level 5.5 and CBRA Projects	The D&C Works will interface with two Projects within the terminal (see 7.5.6), the former of which must be completed by a set date to allow the Contractor to connect their Level 6 check in baggage module.	<p>The LTA is comforted by the fact that the date for Completion of the Level 5.5 Project is guaranteed by the Owner, see Table 8-4.</p> <p>The LTA understands that Level 5 Floor Works require protection of the CBRA system conveyance on Level 4, but otherwise there is no significant interface and the risk for disruption from either project to the other is low.</p>
Concession Space White Boxes	The Developer will subcontract all the FF&E, for the Concession Space White Boxes to the Concessionaire's. Their work is dependent upon proper completion of the Contractor's scope with respect to the White Boxes (design, power connectivity, MEP etc.)	<p>The LTA considers that the potential risk presented through interface on the work carried out in the Concession Spaces is mitigated through clear definition of the Scope of Works for the D&C Contractor in the D&C Contract and Annexes 2 and 6.</p> <p>The LTA also considers it unlikely that, even in the event of issues presented in the delivery of the White Boxes from both the Contractor and the Concessionaire, these extend beyond the first Phase of the Works.</p>
Site constraints and Interfaces	There are a number of other constrained works activities taking place during the Construction Phase, as outlined in Table 7-6, during which careful planning and execution are necessary to successful delivery.	The LTA believes that up until this stage, the design and planning of the works has been undertaken in a manner that has accounted for different options to be taken into consideration, providing the Contractor with several reserve options for the execution of each constrained activity.
Construction Schedule		

Subject	Potential Risks	LTA Opinion
Phasing	Reduction in availability of process facilities (reduced capacity and passenger disruption) while works are carried out in specific areas which have to be closed off for passengers.	The LTA is satisfied that the phasing plans allow for sufficient processing capacity to remain open. Where necessary, such as the TSA security, additional temporary lanes are provided.
Phasing	Construction works carried out can disrupt the passenger flow and create bottlenecks or H&S risks for passengers.	The LTA carefully reviewed the passenger flows during phasing and considers little risk of work areas interfering with passenger flows. It is considered that large sections of the terminal are closed at once, which benefits the concentration of works area and reduces interference with passengers.
Contingency	The Schedule does not include any explicit buffers or contingencies.	The Construction Deadlines within the Schedule can be considered of increased certainty given that such dates have been agreed following the substantial work for both parties in sculpting the Project from the PDA phase. The LTA is comforted by the fact that the Contractor is able to utilise works acceleration measures, such as weekend shifts, in the event of delay.
Work Trade Space	A lot of the work assumes parallel delivery of the MEP works. Given the level of detail provided in the current Baseline Construction Schedule, the LTA cannot verify how such activities interact within the Summary Activity.	The LTA is confident that the estimations for durations have been assisted by the key subcontractors, whom possess significant experience delivering their discipline whilst working in proximity with other contractors. The level of detail is considered appropriate for this stage of the planning. The LTA will review the assumptions further once the Construction Schedule has been developed to a higher level of detail.
Testing & Commissioning	Exploitation of concession revenues is dependent upon a smooth and problem free commissioning of a number of systems.	The LTA is comforted by the fact that the Contractor will adopt a staggered testing and commissioning for different systems upon completion of the relevant work, resulting in reduced scope for the overall testing and commissioning at the end of each phase. The inclusion of the Activation and Training Plan within the Technical Requirements ensures appropriate consideration be given by the Developer in the run up to commissioning of each Functional Area.
Working Space and Interface	There are several works sequences which are to be undertaken in confined spaces and close interface with passengers. The works must also enable the Level 5.5 Project and other Terminal Improvements.	The LTA has been reassured that for constrained works such as the construction of vertical pits on Level 4 and the demolition of the Level 6 north pedestrian bridge, the Contractor has considered a number of back up options for the carrying out of the works. Contractual dates within the schedule relating to the Level 5.5 Project ensure clear cut responsibilities between the Developer and the Owner. The LTA is comforted by the experience of the Contractor and its subcontractors, as introduced in section 2.

Subject	Potential Risks	LTA Opinion
D&C Scope	The current schedule is still at a high level and therefore the LTA is unable to verify that all elements of the scope are accounted for.	<p>The LTA understands that the Contractor, Developer and the Owner have collectively provided input to the development of the schedule as per the appropriate milestones.</p> <p>The Construction Deadlines and milestone schedules are subject to revision up until the Effective Date. Revisions may also occur up to financial close, or in case of delay events.</p>
Operations and Maintenance Review		
Potential overlap in requirements for Plans and Documentation.	The tendency for prevalent requirements, particularly those relating to the contents of plans and submittals, to be spread across multiple areas of the Contract Documents. The requirements are considered comparable with other airport projects, but provide extra administrative load for the Developer in return for a limited scope of O&M work.	<p>The risk is mitigated by the fact that the DA clearly defines an order of precedence of conflicting documentation.</p> <p>The LTA also expects the Contract Documents to be subject to further revisions during the Project.</p>
Changes to O&M requirements.	Within the contract, it is understood that changes to the applicable O&M requirements, other than those which are Discriminatory O&M requirements, require the Developer to inform itself of such changes.	The risk is low, given that Non-Discriminatory O&M Requirements should not inflict increased costs upon the Developer. The Developer is also highly experienced in the international landscape of airport regulations due to its experience in operating airports world wide.
No contractual predisposition of suppliers for Contractor.	The DA provides vetting requirements for all Key Contractors and these are passed down to the D&C Contractor. However, for other smaller suppliers, the Contractor retains discretion for their selection and thus could potentially select a specialist supplier who is not able to support the Project during the maintenance phase.	<p>The LTA does not concede that the risk is significant, given that the pass down of the Key Contractor provision within the D&C Contract account for most major suppliers to the Project. Furthermore, elements within the O&M Limits warrant standard systems and parts, for which the supplier market is not restricted.</p> <p>The LTA is satisfied that the Developer is providing adequate oversight to the procurement process.</p>
O&M Interface	The undertaking of O&M Services in parallel and direct interface with the operations of the Terminal by the Owner and Third Parties necessitates clear understanding by the Developer of its remit.	The scope of O&M services and demarcation points ensure clarity with respect to the boundary of requirements. The greatest risk will likely occur during the initial stages of delivery, and this is mitigated through the formalisation of a well-structured O&M Plan.
Project Costs		
Capex	Underestimation of Capital Expenditure for the Project could lead to additional unforeseen costs overruns.	<p>The LTA considers that the Contractor members have sufficient experience to develop an adequate cost model estimation of a project of this nature.</p> <p>A typical approach was used and the LTA benchmarks indicate that the costs for the project as a whole and for main elements are within typical benchmark ranges.</p>

Subject	Potential Risks	LTA Opinion
Lifecycle timings	Higher degradation rates of the Project assets requiring additional Routine Maintenance works (e.g. patching) could lead to routine maintenance cost overruns throughout the concession period.	Flooring and carpeting might be slightly optimistic and a downside risk of earlier replacement or higher routine maintenance cost could occur. LTA sensitivity analysis of the intervals indicates the impact to be relatively minor around 1.4% of the total lifecycle costs.
Lifecycle replacement cost ratios to initial capex	Higher degradation rates resulting in increased replacement ratios of the Project assets.	The LTA considers that flooring and carpeting is slightly optimistic and presents a slight downside risk while other elements are relatively conservative at full replacement costs (i.e. 100% of original capex). LTA sensitivity analysis of the ratios indicates a maximum reasonable downside of around 3.3% of the total lifecycle costs and is therefore not considered significant.
Opex - Staff costs	This is the largest Opex item. Inadequate organisational structure and under resourcing could lead to revisions at a later stage and additional staffing costs.	The LTA considers that the organisational structure during both the construction phase and the operational phase are well-considered and based on the Developer's experience in other projects. Cost per employee appear in line with the LTA benchmarks.
Opex – O&M	O&M costs are closely related to the contractual obligations to comply with the Project requirements and standards. Failure to adequately estimate these costs can lead to cost overruns at a later stage in order to remain compliant with the obligations.	The LTA reviewed the assumptions and considers the build up of the costs to be robust. It is also noted that Ferrovial Services is an experienced O&M provider which provides further comfort to the LTA with regards to the reliability of the cost build up.
Traffic Forecast Review		
Economic Growth	Denver Region's GDP is key driver of forecast. Lower than expected GDP could reduce traffic.	ICF has assumed suitably conservative economic growth projections.
Derived Elasticities	Level of traffic stimulation from economic growth. If overestimated, could reduce traffic.	Assumed values are within median range of industry estimates and more conservative than LTA's parallel check.
Maturity	Market maturity over time implies less stimulation of traffic from economic growth.	International elasticity decays as expected. Domestic is held constant though this is mitigated by conservative GDP forecasts.
New Terminal	Diversion of traffic to potential new terminal will take traffic away from Great Hall.	ICF has made reasonable assumptions about how much traffic is likely to shift.
Impact of the Pedestrian Bridge between the Great Hall and Concourse A	ICF has assumed a constant share of the Great Hall's Origin-Destination ('OD') passengers being diverted away from the Retail Plaza via the Pedestrian Bridge to Concourse A.	Though ICF's approach is data-driven, this proportion may change if airlines in Concourse A grow faster than airport as a whole. Having tested this, the LTA considers it of a relatively low impact overall.
New Route: Stimulation vs Shift of Domestic Passengers	New routes shifting passengers who formerly connected via other domestic hubs.	While ICF's assumptions of how much of these routes' traffic will be newly stimulated might be optimistic, the overall impact is not significant given the small amount of new international routes assumed.

Subject	Potential Risks	LTA Opinion
New Route Viability	Viability of ICF's projected new international routes.	Most of these routes are reasonable. The impact of this risk is considered small overall as the international share of traffic at the airport is only around 4% (2016).
Potential Carrier Upheaval	Impact to DEN if one of its three hub carriers were to go through upheaval or restructure away from the airport.	The LTA considers that this is an unlikely scenario but has tested the worst reasonable impact. Traffic would likely be down for a few years but would be likely to eventually return to trend.
Commercial Plan Review		
Commercial Sales and Revenue Forecast Methodology	The forecast SEP and revenues are based on a 'non-standard' process and dependent upon the applicability of a benchmark sample of comparable airports.	ICF solely used benchmark airports with similar characteristics to the Great Hall Project. These were then further refined by downward adjustments accounting for the negative impact of a number of disadvantages the Great Hall has, compared to typical airports. The LTA considers this a logical and appropriately addresses the specific features approach of this Project.
Passenger and Airline mix	Denver has a passenger mix that has a high spend. The risk is that over time the airport will attract more passengers from other segments to maintain growth.	The SEP growth projections for the whole airport can be supported through growth in improved product, space and commercial contracts and can withstand some possible 'reduction' in passenger types.
Competition risks from commercial areas in concourses A, B, C	Concourses A, B, C will continue to provide commercial offering and may expand	The growth Projections appear consistent with the majority of passengers SEP in the concourses. The LTA notes that this is taken into account in the final SEP calculation as a downward adjustment is made for this factor. The focus on specialty retail and the fact that the Owner will not benefit from competition between the GH and the concourses is considered a mitigation to the risk.
Dwell time	Denver has a very high average dwell time. This may be reduced as a result of infrastructure improvements.	There may be a reduction in queues at the terminal due to more efficient processes post the Great Hall expansion and through efficiencies in check-in and security. These may increase dwell time in the short term but reduce it longer term due to increased passenger confidence in a smooth departure process.
Concession agreements are not in place yet and may impact on revenue performance	As the DA does not allow for one master concessionaire, there is a small possibility that the individual concessionaires would potentially get lower margins due to more competition between the concessionaires in that area.	There may be a downside to revenue as a result of 'challenging' concession agreement terms. The forecasts are however based on relevant benchmarks, which would already account for typical concession agreement terms.

1 INTRODUCTION

1.1 Purpose of the Report

- 1.1.1 Denver Great Hall, LLC, a 100% subsidiary of Denver Great Hall Holdings, LLC, which is participated 80% by Ferrovial Airports International Ltd and 20% by S/JLC, a joint venture of Saunders Construction Inc (5%) and JLC Infrastructure Fund I, LP (95%) ('the Developer') are procuring the Denver Great Hall Design, Build, Finance Operation and Maintenance (DBFOM) Project ('the Project'). The Developer is currently working towards achieving commercial close by the end of August.
- 1.1.2 Infrata Limited ('Infrata') has been appointed as Lenders' Technical Advisor ('LTA'). The role of the LTA at this stage is to carry out due diligence on the Consortium's finalized Project plans and agreements. Any queries regarding this report can be directed to the LTA via Valery Olefir, Project Director, at Valery.Olefir@infrata.com and Dion Zumbrink, Project Manager, at Dion.Zumbrink@infrata.com.

1.2 Scope of the Report

- 1.2.1 This report contains a summary and LTA commentary on (i) Project Parties, (ii) Contracts, (iii) Security package, (iv) Payment mechanism, (v) Environment and permits, (vi) Design and Construction, (vii) Construction Schedule, (viii) O&M, (ix) Project costs, (x) traffic forecast and (xi) non aeronautical revenues.
- 1.2.2 The LTA assignment commenced in July 2016 and this is the LTA's Final Report presented in August 2017. The assignment commenced following the kick-off meeting and site visit, which took place in Denver, Colorado on July 11-12, 2017.

1.3 Approach and Limitations

- 1.3.1 The LTA approach focuses on the Project risks and, in particular, those risks that could be material to the Lenders' interests and assesses the adequacy of the mitigating measures proposed by the Consortium in its proposal. Where the LTA considers it necessary, specific issues are scrutinized in detail in order to achieve a better understanding of the key issues and the Consortium's responses to the risks they represent.
- 1.3.2 The LTA is relying on Information provided by the Developer and limited by the availability and quality of data to perform analysis and draw conclusions. When specific data is not available to the level of detail required for the LTA to demonstrate the adequacy of the Developer plans, this is indicated in the report and alternative methods are used for the LTA assessment.
- 1.3.3 The report is prepared on the basis of the Developer documentation provided up to August 10, 2017. Any information provided to the LTA after this date will be included in subsequent versions of this report.

1.4 Project Scope Overview

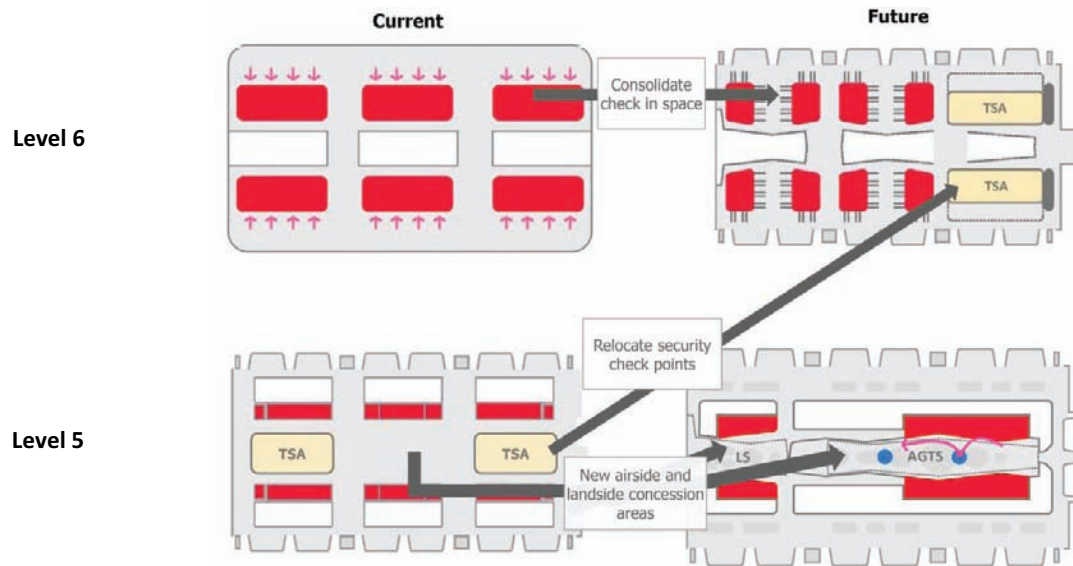
- 1.4.1 The DBFOM comprises levels 5 and 6 of the Great Hall of Denver International Airport. The Project consists of 4 main elements:
- Relocate the Transport Security Administration ('TSA') area from level 5 to level 6
 - Use free space in level 5 to create a new commercial zone airside and landside (meeters/greeters hall)
 - Extend floor slabs of level 6 and rearrange the check-in layout

- Extension of level 6 Administrative Office Building ('AOB') to create airport office area

1.4.2 The reconstruction Project will be carried out in 4 phases (as further detailed in chapter 8).

1.4.3 The Developer proposes the concept for level 5 and level 6 as set out below. In order to create space for a large new commercial zone on level 5, the current Transport Security Administration (TSA) Security is moved to level 6. The check-in will be rearranged partly on an extended floor slab of level 6, to accommodate sufficient check-in desks.

Figure 1-1 Proposed Planning Concept



Source: Developer

2 PROJECT STRUCTURE AND KEY PARTIES

2.1 LTA Opinion and Key Issues

- 2.1.1 The structure of the contractual arrangement between all parties as set out below is considered typical for a project of this nature and suitable for the structure of this project.
- 2.1.2 The LTA considers that the Project parties are adequately experienced to meet the requirements of the Project. Ferrovial Airports offers significant experience in the management and operation of large airports. As the SPV will perform the Operation and Maintenance itself, the LTA considers that there is sufficient in-house expertise to deliver this successfully.
- 2.1.3 In addition, Ferrovial Agroman has wide experience in the construction of airport terminals. The local expertise is provided by Saunders Construction, which has been involved extensively in past Denver Airport Projects, including the airport hotel and transit centre.
- 2.1.4 The Consortium is using reputable advisory firms for business planning and traffic forecasting support to supplement in-house skills.
- 2.1.5 The table below sets out the key issues that the LTA identifies on this subject. The LTA focusses on the suitability of the contractual structure and the adequacy of the involved parties.

Table 2-1 Key Issues Project Structure and Key Parties

Subject	Description of Risk	LTA Opinion
Contractual structure	Unsuitable contractual structure may lead to gaps in Project coverage of legal obligations.	The LTA considers the structure of the parties' arrangement typical for a Project of this nature and does not consider particular risks in this matter. The LTA notes that both Ferrovial and Saunders are part of the Development Company as well as the Contractor which would support a fair and clear structure for all parties.
Ability to perform the works	Key parties of the SPV, Contractor and Operating company must have relevant credentials to execute the works and operate the airport in line with the contract terms.	All members are well established and have extensive and relevant experience of working on Projects of similar characteristics, particularly in the Airports industry (Ferrovial) and Denver Airport (Saunders).

2.2 Project Context

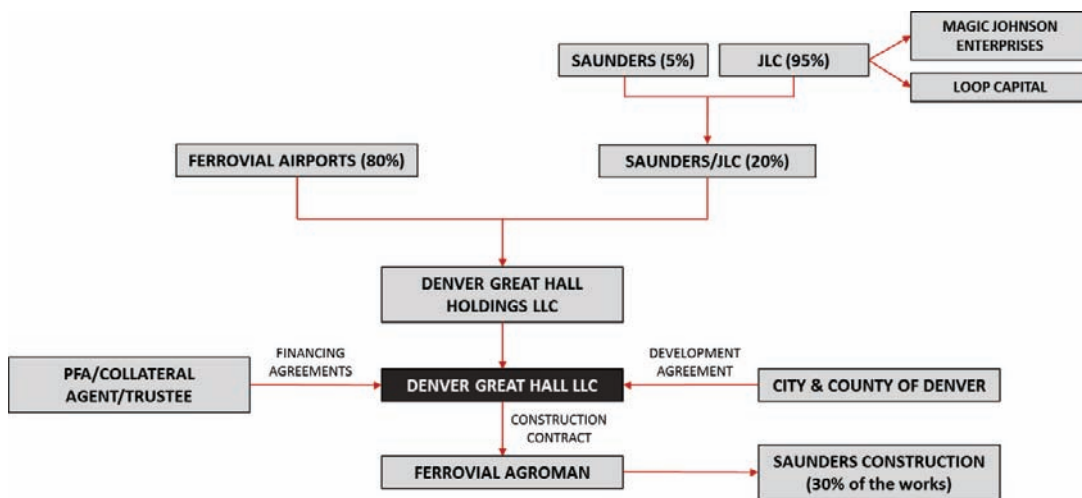
- 2.2.1 The Great Hall Project involves the redevelopment of the Jeppesen Terminal at Denver International Airport (the "Project"). Following a tender procedure, Denver Great Hall, LLC was selected to enter a pre-development agreement stage. Denver Great Hall, LLC, is a 100% subsidiary of Denver Great Hall Holdings, LLC which is participated 80% by Ferrovial Airports International Ltd and 20% by S/JLC, a joint venture of Saunders Construction Inc (5%) and JLC Infrastructure Fund I, LP (95%).
- 2.2.2 Ferrovial Agroman is the Lead Contractor and will carry out the construction works, passing down 30% of the works to Saunders Construction

2.2.3 The Project encompasses the design, construction, financing, operation and maintenance (DBFOM) for a duration of 34 years from financial close, expected to commence in October 2017. It is expected that the redevelopment works will be completed end 2021, upon which the operational period commences.

2.3 Contractual Structure

2.3.1 The chart below shows the structure of the Project parties involved in the Great Hall Project.

Figure 2-1 Concession Contractual Structure



Source: Project Description, Denver Great Hall LLC

2.4 Key Parties

The Owner

The City and County of Denver

2.4.1 Denver International Airport is owned by the City and County of Denver. The management, operation and control of Denver International Airport is delegated to the city's Department of Aviation ('DEN'). The developer will enter into a development agreement with the City and County of Denver (for and on behalf of its Department of Aviation) for Design & Construction, Finance, Operation and Maintenance of certain areas of the great hall specified in the development agreement.

The Developer (Denver Great Hall LLC)

Ferrovial Airports

2.4.2 Established in 1952, Ferrovial is one of the world's leading infrastructure and services operators. The company is specialized in airports, toll roads, services and construction. Since 1998, Ferrovial Airports has invested in 33 airports worldwide.

2.4.3 Currently, Ferrovial's portfolio comprises of Heathrow (where Ferrovial is the largest investor with a 25% stake) and AGS, a consortium with Macquarie which owns Aberdeen, Glasgow and Southampton airports.

JLC Infrastructure

- 2.4.4 JLC Infrastructure is an investment fund formed by a joint venture between Loop Capital and Magic Johnson Enterprises. The fund entails investments in transportation, energy & utilities, communications and social infrastructure sectors in North America.
- 2.4.5 Loop Capital, established in 1997, is an investment bank, brokerage and advisory firm based in Chicago, IL. The firm serves corporate, institutional and governmental entities worldwide.
- 2.4.6 Magic Johnson Enterprises (MJE) is an investment company founded in 1987. The company focuses on industries related to asset management and sports and entertainment.

Saunders Construction

- 2.4.7 Saunders Construction is part of the Developer Company as well as the Design and Build JV.
- 2.4.8 Saunders is an employee-owned corporation with over US\$6 billion of completed Projects in the Rocky Mountain region. The company was founded in 1972 with its headquarters in Englewood (Denver). Saunders portfolio includes, but is not limited to office, municipal, educational, healthcare, residential and retail buildings.
- 2.4.9 The company has received over 100 industry awards in relation to construction, employee achievements and community contributions.
- 2.4.10 Current relevant Projects include the construction of a new town centre in Superior and Dairy Block, a mixed-use office, retail and hospitality development, both located in the Denver/Rocky Mountain Region.
- 2.4.11 Saunders was involved in the construction of the Denver International Airport Hotel and Transit Center, with a total value of US\$700 million.

Key Personnel

- 2.4.12 The Development Agreement ('DA') (Appendix 8-B) specifies minimum qualifications/criteria for key staff members in the Project company.
- 2.4.13 Key Personnel for the SPV are being sourced currently, taking into account the qualifications required as per the Development Agreement. Currently the Project CEO (Ferrovia) and the Construction Manager (Saunders) are already known and the LTA considers their credentials to comply with the minimum requirements in the Development Agreement.

Lead Contractor and Main Subcontractor

- 2.4.14 The D&C Contractor (Ferrovia Agroman) has entered into an agreement with a Design Build Joint Venture "DBJV" entity formed by Ferrovia Agroman and Saunders pursuant to which such joint venture entity will undertake the design and construction work required to be undertaken by the D&C Contractor on a back to back basis, subject only to certain different limitations on liability and liquidated damages applicable as between such joint venture entity and the D&C Contractor, which will be higher in the contract entered into between the Developer and the D&C Contractor¹. The joint venture is owned 30% by Saunders and 70% by Ferrovia Agroman. Such arrangement does not diminish, alter or change the obligations of the D&C Contractor pursuant to the design-build contract with the Developer.

¹ The LTA understands that an amendment to the D&C Contract will contemplate DBJV as the provider of the D&C Performance Security directly passed down in accordance with the terms of the D&C Contract and the DA, subject to Owner approval. For this purpose, any amendment, modification or supplement to the Design Build Contract by the Contractor with the DB Subcontractor shall be subject to Developer's Consent.

Ferrovial Agroman

2.4.15 Ferrovia Agroman is the main contractor and will carry out 70% of the construction works. Ferrovia Agroman is the department of Ferrovia that carries out civil engineering construction, building and industrial Projects. It is primarily known for its major transport infrastructures. Ferrovia Agroman is present in North America since 1999. Recent airport Projects include Heathrow Terminals 2, Madrid-Barajas Terminal 4 and Barcelona Airport’s Terminal 1.




Saunders Construction




2.4.16 30% of the design and construction works will be subcontracted to Saunders Construction. For a company description, please see section above.

Key Subcontractors and Credentials

2.4.17 The table below sets out the main subcontractors in the Pre Development Agreement phase of the Project, and their credentials. The LTA considers significant experience for all of the subcontractors in their respective fields of expertise.

Table 2-2 Key Subcontractors

Subcontractor	Summary
	<p>Puma Steel is a regional structural steel fabricator and Wyoming’s largest steel supplier. The company specializes in providing structural steel and miscellaneous steel fabrication to contractors, together with design build, steel supply, steel-preprocessing, Project management, In-house BIM modelling, Engineering, detailing, and erection services. Puma Steels has extensive experience in steel fabrication across the US, with successful Projects in Arizona, California, Idaho, Nebraska, New Mexico, Nevada, Texas, and Utah. Prominent Projects include the design build of the College of Osteopathic Medicine (CO); Denver International Airport pedestrian bridges (CO); The Industrial Pipe Bridge in Cheyenne (WY); and Denver News Agency (CO).</p>
	<p>US Engineering is one of the most experienced, diversified and respected mechanical contractors in the US, offering services that focus on the total lifecycle of building Projects. The company specializes in providing preconstruction, construction, manufacturing, service & solutions, and energy solution services. Projects successfully completed within the Denver area include: The Colorado Center Tower II, the RE/MAX Regional Headquarters Project, the Exempla Saint Joseph Hospital Heritage Project, and The Byron Rogers Federal Building.</p>
	<p>Intermountain Electric, Inc. (IME) is a company specialized in providing electrical construction services for the Rocky Mountain Region and western US. With nearly USD 8 billion annual revenue, the company has established itself as premier electrical contractor in Colorado. IME has a large experience in providing electrical solutions in design build, P3, and DBJV Projects. Examples of relevant Projects in Colorado include the Community Hospital of Grand Junction, the Confluence Towers in Denver, and the Western Sugar Processing Facilities in Fort Morgan.</p>
<p>LVA luis vidal + architects</p>	<p>Luis Vidal + Architects is an international architectural practice firm that provides design solutions to construction Projects. The firm provides solid experience and a strong background in a wide range of architectural services including planning, building and industrial design. The transport architecture portfolio of Luis Vidal + Architects includes over 15 international airport Projects. Prominent examples of Projects completed by the firm are: the London Heathrow Airport Terminal 2, Madrid Barajas Airport Terminal 4, Colorado Front Range Spaceport, and Zaragoza and Lanzarote Airports in Spain. Luis Vidal + architects and Ferrovia Agroman have worked together in the T2 project at Heathrow, with equivalent roles compared to the Great Hall Project.</p>

Subcontractor	Summary
	<p>Swanson Rink is an experienced mechanical and electrical consulting engineering firm, specializing in aviation and commercial design. The company offer a broad range of professional services ranging from engineering design, technical studies and assessment, energy efficiency, commissioning, and design, Project, and construction management. The Project portfolio of Swanson Rink demonstrates a larger experience in providing solutions for the aviation industry. Relevant aviation Projects where the company has been involved include Colorado Springs Airport, the expansion of San Diego International Airport Terminal 2, Denver International Airport, McCarran International Airport, and Salt Lake City International Airport.</p>
	<p>Martin/Martin is a company specialized in the provision of structural engineering design for construction Projects. Special services provided by Martin/Martin include the design of new buildings, remodeling of existing structures, Project design, building information modeling (BIM), consulting, construction engineering, and structural investigation. The company has completed multiple Projects in the aviation industry, including Los Angeles International Airport Bradley West, Mineta San Jose International Airport Terminal A, Jackson Hole Airport Terminal Expansion, and Suvarnabhumi International Airport.</p>
	<p>SENER carries out engineering and construction services and Projects. The company has a long history of successfully completed Projects in transport engineering and construction, aeronautics, and energy and environment. SENER has completed over 100 airport Projects in the Americas, Africa and Europe providing services for the planning, design, construction, and operation and maintenance stages. The company specialized services for the design and construction of airport infrastructure include: master planning and operational studies, air fields, air traffic control towers, passenger and cargo terminals, terminal systems and runways, passenger boarding bridges, automated baggage systems, airport security, flight operation engineering, among many others.</p>

The Advisors

2.4.18 The following advisors have been appointed by the Denver Great Hall LLC:

- Airport Consultant: ICF International
- Capacity Simulation: Trans Solutions
- Main Underwriter: Citigroup
- Financial Modelling, Tax and accounting: PWC
- Legal Counsel: Gibson Dunn
- Local Counsel: Holland & Hart
- Bond Counsel: Greenberg Traurig
- Maintenance Capex: Ross & Baruzzini; Aertec Solutions

2.4.19 The LTA notes that the Consortium is using reputable advisory firms for business planning and traffic forecasting support to supplement in-house skills.



3 CONTRACTUAL REVIEW

3.1 Introduction

3.1.1 The LTA has reviewed the Development Agreement (Executed Version), the Design & Construction Contract dated 26th July 2017 and the proposed draft of Amendment No. 1 to the Design and Construction Contract dated November 8th and provided to us on November 17th 2017.

3.2 LTA Opinion and Key Issues

3.2.1 The Development Agreement (DA) is in line with North American precedents that Consortium members are familiar with. The DA’s features and risk allocation have been widely accepted by the financial community, having been tested on previous transactions that have reached Financial Close. As a result, the Developer is not considered to be exposed to any significant undue risks. Section 3.2 below outlines the LTA technical opinion against specific of the DA in so far as they relate to the technical delivery of the Project.

3.2.2 The D&C contract has been formulated on a back to back principle with the DA with the Developers obligations and liabilities, as set out in the DA and in so far as they relate to the D&C Contractor Works, passed down to the D&C contractor, see table 3-2 below for the transfer of risk between the DA and the D&C. It is the LTA’s Opinion that this offers protection to the Developer from those risks associated with compliance with their obligations under the DA, in so far as they relate to the D&C Works.

3.3 Contract Review and Risk Transfer

3.3.1 The following table sets out the LTA technical review of the provisions contained within the Development Agreement in so far as they may have an impact on the technical aspects of the project.

Table 3-1: Review of Development Agreement Provisions

Aspect	Development Agreement Provision
Project Parties	City and County of Denver, a municipal corporation of the State of Colorado, through and on behalf of its Department of Aviation (the “Owner”) Denver Great Hall Llc, a limited liability company organized under the laws of the State of Delaware (“Developer”).
Project Scope, Reliance, Site Access Rights, Adjacent Projects and Approvals (DA Art 1, 3, 4 App4-A, TR)	<p>Summary of Key Contractual Technical Provisions</p> <p>The scope of the Project, and applicable standards, are clearly set out in the Technical Requirements Document and its Appendices contained within Volume II of the Contract Documents. The Final Build-Out Limits and O&M Limits are set out in Appendix 4-A of the DA (Project Site Model). The Final Build-Out Limits defines the extent of the Terminal Improvement Works ie the extent of all assets and improvements to the Terminal to be designed, constructed, maintained, repaired, reconstructed, rehabilitated, restored, renewed, replaced and/or installed by the Developer in accordance with the Contract Documents.</p> <p>The DA sets out the clear order of precedence for the Contract Documents in the event of any conflict ambiguity or inconsistency amongst them.</p> <p>The Reference Documents have been provided to the Developer for information only and the Owner does not provide any reliance on these documents. The Developer bears the risk of any incorrect or incomplete review, examination and investigation of the Work, the Work Site and surrounding locations and of any incorrect or incomplete information resulting from preliminary planning and engineering activities conducted by itself, the Owner or any other Person.</p> <p>Under the DA, and subject to applicable Laws, the Developer is granted the exclusive right to develop, design, construct, operate and maintain the Great Hall Project as set out in the Technical Requirements.</p> <p>The Developer is granted non-exclusive right of entry onto the Work Site for which the Owner shall not charge either the Developer or its Contractors, other than for the cost of any applicable badge requirements. The Owner</p>

Aspect	Development Agreement Provision
	<p>retains the right to access the Work Site at reasonable times and with reasonable advance written notice to perform the Owner O&M Obligations. In the event of an Emergency, or for Public Safety, the Owner may access the site without prior written notice.</p> <p>Throughout the Term of the DA the Developer must perform and coordinate its Work with the Adjacent Projects. Each contractor, the Developer and any contractor engaged on Adjacent Projects, is responsible for any damage done (including by its subcontractors) to the work performed by another contractor. There is currently only 1 Adjacent Project indicated in Appendix 6-A, should there be any changes in the list of Adjacent Projects the Owner must provide the Developer a minimum of 60 days written notice.</p> <p>The processes and procedures for submission and Owner review and approval, including time periods, are set out in the TR. The DA sets out 4 different classifications for submission: i) Owner Discretionary Approvals; ii) Other Owner Approvals; iii) Owner Review and Comment; iv) Submittals Not Subject to Prior Review, Comment or Approval. In most cases the onus is on the Developer to obtain the response from the Owner. Art4.4.6 of the DA sets out the grounds upon which the Owner’s exception, objection, rejection or disapproval can be based, these include i) failure to comply with the Contract Documents; ii) not to a standard that equals or exceed Good Industry Practice; iii) content or information missing; iv) conflicts with, or in violation of, any Law or Government Approval.</p> <p>LTA Opinion</p> <p><i>The LTA notes that the Owner provides no reliance on any of the information provided to the Developer, which is a standard position on North American P3s.</i></p>
<p>Duration and Phases (DA Art2, App 1,</p>	<p>Summary of Key Contractual Technical Provisions</p> <p>The Project Term commences on the Effective Date and ends on the 34th anniversary of the Financial Close Date.</p> <p>The Project Term is split into 3 main Periods:</p> <ol style="list-style-type: none"> Interim Period means the period commencing on the Effective Date and ending on the earlier of (a) the Financial Close Date, and (b) the Financial Close Deadline. During this period, the Early Design Works will be undertaken. Project Construction Period means the period commencing on the Financial Close Date and ending on the Project Substantial Completion Date. Project Operating Period means the period starting on the Project Substantial Completion Date and ending on the Termination Date. <p>There are 2 other periods of note in relation to the project, which are reflective of the phased nature of the release of the project areas, these are as follows:</p> <ol style="list-style-type: none"> O&M Segment Operating Period means, with respect to an O&M Segment, the period (a) commencing on the earlier of the applicable Functional Area Readiness Date and the Project Substantial Completion Date; and (b) ending on the Termination Date. Concessions Operating Period means the period commencing on the Functional Area Readiness Date of the first Concessions Functional Area to achieve Functional Area Readiness and ending on the Termination Date.
	<p>LTA Opinion</p> <p><i>The Project Phase are clearly defined under the contract and are standard for projects of this type.</i></p>
<p>D&C Stages (DA Art 5)</p>	<p>Summary of Key Contractual Technical Provisions</p> <p>The Developer is responsible for maintaining custody and control over each Construction Work Area from the Turnover Date until the earlier of the applicable Functional Area Readiness Date or the Project Substantial Completion Date.</p> <p>Prior to the Issuance of NTP 1, the written notice issued by the Owner to the Developer authorizing it to proceed with Design Work (other than the Early Design Work), the Developer shall not commence any Design Work other than that authorized under the PDA and the Early Design Work. NTP 1 issuance is subject to a number of conditions including, but not limited to, obtaining the Performance and Payment Bonds, Developer-Provided Insurance Policies, all Submittals required by the Contract Documents have been delivered to, and as applicable been accepted or approved by, the Owner.</p> <p>Other than any Advance Construction Activities which may be authorized by the Owner the Developer may not commence the Construction Work prior to the issuance of NTP 2. The conditions to which NTP 2 is subject include, but are not limited to, obtaining all Government Approvals applicable at the time, satisfaction of all pre-Construction requirements contained within the Governmental Approvals, all Submittals required by the Contract Documents</p>

Aspect	Development Agreement Provision
	<p>have been delivered to, and as applicable accepted or approved by, the Owner including the Project Schedule and D&C Pricing Documents.</p> <p>A Certificate of Functional Area Readiness will be issued once the Developer i) has completed the D&C Works applicable to the Functional Area, including any FF&E, ii) all requirements of the DA have been met, including a Temporary Certificate of Occupancy issued by the Building Official, iii) the applicable Systems comply with applicable Laws and have passed all inspections and tests required, iv) the Developer has prepared and submitted the Functional Area Punch List, v) no uncured Developer Default exists, vi) where the area is within the O&M Limits all plans, manuals and reports required have been submitted and training of the O&M personnel has been undertaken.</p> <p>The Certificate of Project Substantial Completion will be issued once all Certificates of Functional Area Readiness have been issued and the Developer has performed all D&C Work required under the Contract Documents. Further requirements for the issuance of this certificate include obtaining all Insurances required for the O&M Services, all documents and materials specified have been delivered to the Owner, the Project Punch List is prepared and all required training has been completed.</p> <p>Once all Project Punch List items have been completed, the Building Official has issued a Certificate of Occupancy for the Terminal Improvements, the Developer has paid for all D&C Work performed and the Developer has delivered all other material required under the Contract Documents, including the Record Document BIM, the Certificate of Project Final Acceptance will be issued.</p> <p>The Warranties for the benefit of i) the Developer or ii) the Owner or iii) any third party for whom the Work is being performed, shall be provided for a period of not less than 1 year from the earlier of the applicable Functional Area Readiness Date or the Project Substantial Completion Date.</p> <p>Please see section 3.3 for further discussion on the D&C Works and their requirements under the Contract Documents.</p> <p>If a delay period exceeds 365 days from the Scheduled Project Substantial Completion Date, for reasons attributed solely to the Developer, the Owner has the right to terminate the DA. Section 23.5 of the D&C allows for early termination if the Contractor breaches the recovery plan.</p> <p>LTA Opinion</p> <p><i>The design and construction obligations are reasonable and appropriate for a Project of this nature. The conditions precedent to Financial Close, NTP1, NTP2, Functional Area Readiness, Project Substantial Completion and Project Final Acceptance are reasonable, prescriptive and process driven.</i></p> <p><i>The Developer is responsible for obtaining Government Approvals and all Permits, along with ensuring the environmental compliance of the Project, which is appropriate and reasonable.</i></p> <p><i>The Warranties terms are consistent with other agreements in this context. It is noted that there is no Extended Warranty Period should any works be performed to remedy a Defect or any other breach related to a Warrantied Element under either the DA or the D&C Contract.</i></p>
O&M (DA Art 7, App 9-A, 10, TR)	<p>Summary of Key Contractual Technical Provisions</p> <p>The Developer shall commence the O&M Services i) for each Functional Area on the applicable Functional Area Readiness Date; and ii) with respect to all other areas and Terminal Improvements, within the O&M Limits, on the Project Substantial Completion Date.</p> <p>The Developers O&M obligations, performance requirements and associated noncompliance points and deductions are discussed in sections 5 Payment Mechanism and 9 O&M. It is noted that in addition to Developer noncompliance deductions, Art 8.4.4 and Appendix 10 to the DA contemplate Owner Performance Deductions.</p> <p>LTA Opinion</p> <p><i>The Developer's operations and maintenance obligations are reasonable and appropriate for this type of project. In the LTA's opinion, O&M Limits and interface points with the Owner are clearly defined within the TR's.</i></p>
Handback (DA Art 7.6, TR)	<p>Summary of Key Contractual Technical Provisions</p> <p>Handback Requirements and the process for transferring the Project are detailed in Part III of the TR's. The Developer will transfer the Project to the Owner on the Termination Date.</p> <p>In the event of early termination the Developer will only be required to have performed those Renewal Works which are scheduled to have been performed by that date.</p> <p>36 months prior to the end of the Term the Developer shall submit a Handback Work Plan to the Owner for review and comment.</p>

Aspect	Development Agreement Provision
	<p>LTA Opinion</p> <p><i>The requirements are detailed, prescriptive and typical compared to similar projects. Further details on the handback requirements, together with the LTA commentary, is provided in Section 9 of this report</i></p>
<p>Contracting (Art 9, App 3-H)</p>	<p>Summary of Key Contractual Technical Provisions</p> <p>Where the Developer contracts works the Developer shall retain ultimate responsibility for the works and the contractor’s actions.</p> <p>Appendix 3-H of the DA contains a list of Key Contractor firms who must be utilized for the positions identified. The Developer may not remove or replace these Key Contractors without the prior written approval of the Owner.</p> <p>The DA sets out a number of provisions which must be included in all Key Contracts including the assignment of the Developers rights under the contracts following termination or expiration of the DA.</p> <p>Appendix 3-H also identifies the <i>Key Personnel</i> to be employed on the project and their minimum requirements.</p>
	<p>LTA Opinion</p> <p><i>The provisions contained within the DA in relation to contracting are reasonable and appropriate for this type of project.</i></p>
<p>Relief Events (DA Art 11)</p>	<p>Summary of Key Contractual Technical Provisions</p> <p>The DA sets out 2 types of Relief Events: i) Compensation Events; or ii) Delay Events.</p> <p>Article 11 of the DA sets out the process for determining additional monetary compensation, time extension and/or other relief applicable in the case of a Relief Event.</p> <p>If a Relief Event occurs, and the Developer has complied with its obligations under the DA, it has a right to an extension of time to the extent that the Relief Event actually delays the relevant date, and monetary compensation for a Compensation Event. Furthermore, the Developer is relieved from the performance of its obligations under the DA, to the extent they are directly affected by such Relief or Compensation Event, and the further reliefs detailed below also apply:</p> <ul style="list-style-type: none"> • Noncompliance Points and Noncompliance Instances are not accrued. • Relief from delivery by the Owner of Initial Breach Notice or Final Breach Notice. • Relief from monetary deductions assessment under Appendix 10. • Relief from occurrence of a Developer Default <p>The DA defines 3 types of Compensation Events, each with specific remedies under the contract. Monetary compensation shall cover both direct costs (Type 1 and 2) and compensation for lost Supplemental Payments (Type 1 and 2) and lost Concessions Revenue (Type 1) in so far as these are effected by a relevant Compensation Event. In the case of Compensation Event (Type 3) monetary compensation is limited to actual amount of any losses, expenses, damages, costs, claims, feed or any other liability of the Developer or Developer-Related Entity. The bases on which compensation for lost Supplemental Payments / Concession Revenues shall be calculated is set out in Article 11.4.</p> <p>Should a Delay Event occur during the Project Operating Period and prevents the Developer from performance of the O&M Services the Developer will be entitled to monetary compensation in lieu of the Supplemental Payments which would have been payable during the period. Art 11.4.3 provides the basis upon which any amounts due in this event will be calculated.</p> <p>This is further discussed in section 3.3, see table 3.2 for a summary of the Relief Events under the DA.</p> <p>LTA Opinion</p> <p><i>The definition of any of the Relief Events follows typical P3 principles in that schedule and cost relief are available for Compensation Events and schedule relief is available for Delay Events. The Events covered in the DA are comprehensive, reasonable and comparable to other P3 agreements viewed by the LTA in North America and follow typical allocations of risks between the Developer and the Owner.</i></p> <p><i>The LTA welcomes the fact that Third Party Release of Hazardous Substances give rise to compensation.</i></p>
<p>Changes (DA Art 12)</p>	<p>Summary of Key Contractual Technical Provisions</p> <p>The Owner reserves the right to make, at any time during the Term, alterations or changes in the Work, including additions to scope, deletions to scope of the D&C Works, deletions to scope of the O&M Services, and changes to requirements applicable to the Work. Other than the case where an Owner Change is deemed to be a Non-</p>

Aspect	Development Agreement Provision																
	<p>Compensable Non-Discriminatory O&M Change Owner Changes are deemed to be Compensation Event (Type 1) and are subject to the relief provided thereunder. The Developer must perform any such changes as if it was part of the original Agreement.</p> <p>The Developer may request Owner approval of modifications to the Technical Requirements. Should such modifications result in additional costs or risks or Project Schedule delays these will be the Developer's responsibility. Should such modifications result in a net saving the Owner will be entitled to 50% of any such saving and the full amount of savings related to the financing costs.</p> <p>Should the Developer request a Deviation (deviation from or noncompliance with the requirements in the TR in Work performed), and should such Deviation be approved by the Owner, and the Deviation results in a diminution of value of the completed Work or reduction in the D&C or O&M costs, the Owner will be entitled to 100% of the amount of the diminution.</p> <p>LTA Opinion <i>The provisions are typical for P3 projects in North America and should not present any risk to the Developer throughout the Project Term.</i></p>																
Performance and Payment Bonds (DA Art18.2)	<p>Summary of Key Contractual Technical Provisions</p> <p>The performance of the Works is protected through performance security instruments required under Article 18.2 of the DA, which are as follows: i) Performance Bond, valued at 50% (US\$325,000,000) of the D&C Contract Amount and issued by a licensed surety or insurance company. Should the Performance Bond be provided by or on behalf of the D&C Contractor, the Owner and Collateral Agent should be named as additional obliges; and ii) Payment Bond, valued at 50% (US\$325,000,000) of the D&C Contract Amount, the Payment Bond is subject to the same conditions as the Performance Bond.</p> <p>LTA Opinion <i>LTA opinion on the adequacy of the Performance Security is provided in Section 4.</i></p>																
Default; Suspension of Work; Suspension for Delinquency and Termination (DA Art 20, 21)	<p>Summary of Key Contractual Technical Provisions</p> <p>Defaults and Remedies are defined in Article 20 of the DA. Developer Defaults, of a technical nature, are summarized as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #c00000; color: white;">Developer Technical Defaults</th> <th style="background-color: #c00000; color: white;">Cure Period</th> </tr> </thead> <tbody> <tr> <td>Failure to satisfy the conditions to NTP 1 within 30 days of the Effective Date</td> <td>30 days</td> </tr> <tr> <td>Failure to begin the Design Works within 10 days of issuance of NTP 1</td> <td>30 days</td> </tr> <tr> <td>Discontinuation of the prosecution of the Works for a continuous period of 20 days or failure to resume discontinued Works within 30 days after notification</td> <td>30 days</td> </tr> <tr> <td>Failure to perform the Work, or any portion thereof, in accordance with the Contract Documents</td> <td>30 days, up to a maximum 90 days</td> </tr> <tr> <td>Failure to comply with applicable Governmental Approval or Law</td> <td>30 days</td> </tr> <tr> <td>Failure to comply with Owners written suspension of Work and/or Project Right of Entry</td> <td>30 days</td> </tr> <tr> <td>Failure to commence the Construction Work by the Construction Commencement Deadline or failure to achieve Project Substantial Completion by the Project Substantial Completion Long Stop Date</td> <td>No cure period</td> </tr> </tbody> </table>	Developer Technical Defaults	Cure Period	Failure to satisfy the conditions to NTP 1 within 30 days of the Effective Date	30 days	Failure to begin the Design Works within 10 days of issuance of NTP 1	30 days	Discontinuation of the prosecution of the Works for a continuous period of 20 days or failure to resume discontinued Works within 30 days after notification	30 days	Failure to perform the Work, or any portion thereof, in accordance with the Contract Documents	30 days, up to a maximum 90 days	Failure to comply with applicable Governmental Approval or Law	30 days	Failure to comply with Owners written suspension of Work and/or Project Right of Entry	30 days	Failure to commence the Construction Work by the Construction Commencement Deadline or failure to achieve Project Substantial Completion by the Project Substantial Completion Long Stop Date	No cure period
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Aspect	Development Agreement Provision	
	A Persistent Developer Noncompliance exists (The cumulative number of Noncompliance Points assessed during any consecutive 365-day period equals or exceeds 2000; or the cumulative number of Noncompliance Instances, cured or uncured, during any consecutive 365-day period equals or exceeds 3500.	No cure period
	Developer fails to retain Project Records in accordance with the DA	30 days
	A Persistent Developer Breach exists.	No cure period
	<p>If a Developer Default occurs and has not been cured by the applicable cure period, the Owner may, subject to the Lenders’ rights in the Lenders Direct Agreement, exercise any rights and remedies available to them, including (i) Termination and (ii) rights of step-In.</p> <p>The Owner shall be entitled to recover any and all damages under Law on account of the occurrence of a Developer Default.</p> <p>Owner Events of Default include the situation that the Owner ceases or fails to perform any of its material obligations under the Agreement as a direct result of which the Developer is unable to perform all or substantially all of its obligations under the Agreement for a continuous period of 120 days, the 30 day cure period may be extended to a maximum cure period of 120 days.</p> <p>If an Owner Default occurs and has not been cured by the applicable cure period, the Developer may, i) Terminate the Agreement; ii) submit a Relief Event Claim; iii) suspend performance of the Works in the case of Owner Default due to delayed payments; or iv) exercise any other rights and remedies available under the DA or available at Law or in equity.</p> <p>Termination Events include i) Failure to Achieve Financial Close; ii) Termination for Convenience; iii) Extended Relief Events; iv) Termination for Developer Default; v) Termination for Owner Default or Suspension of Work; and vi) Termination by Court Ruling.</p> <p>The process for the case that a breach of the DA occurs (other than that for which Noncompliance Points, Noncompliance Instances or payment deductions have been assessed or that arises as a result of a Relief Event) is summarized in the figure below.</p>	
	<p>LTA Opinion</p> <p><i>The provisions for Default and Termination Events are similar in content and structure to other P3 agreements that have reached successful Financial Close. The LTA notes that only the items of a technical nature have been considered and that a view should be sought from the Lenders’ Legal Adviser on the drafting. Analysis of the termination trigger due to Noncompliance Points / Noncompliance Instances is provided in Section 5 of this report.</i></p>	
	<pre> graph LR A((Breach)) --> B((Initial Breach Notice)) B --> C((Final Breach Notice)) C --> D((Persistent Breach)) D --- E[Developer Default] </pre>	

3.4 Compensations and Delay Events

3.4.1 The Developer is entitled to monetary compensation and schedule relief in the presence of Compensation Events and Delay Events respectively. Compensation Events and Delay Events may apply in different circumstances and have different compensation or relief calculations according to the event.

3.4.2 Under Annex 1 of the DA, Compensation Events are grouped into three main categories: (i) Compensation Events (Type 1); (ii) Compensation Events (Type 2); and (iii) Compensation Events (Type 3). In accordance with Article

11.3.3 of the DA, the Developer shall be entitled to compensation for any Direct Cost incurred by the Developer or its Contractors in the occurrence of any Compensation Event other than Compensation Event (Type 3).

- 3.4.3 Compensation Events (Type 1) includes Owner Changes (including any Compensable Non-Discriminatory or any Discriminatory O&M Changes); Owner failures; Owner-Caused Delays; Violations of the Law by the Owner; work disruptions caused by the Owner; Failure by the Owner to complete Level 5.5 Project; Changes in the Concession Space; imposition of limitations or restrictions by the Owner; Release of Contaminated Materials by the Owner; Discovery of archaeological resources; denial by the Owner of Developer's requests for a required Design Exception/Deviation in breach of the Development Agreement; and modifications or changes to the General Junior Lien Bond Ordinance, the Supplemental Junior Lien Bond Ordinance, or the Bond Ordinance that affects the Owner's ability to make supplemental payments.
- 3.4.4 Compensation Events (Type 2) includes Qualifying Changes in Law; Release of Contaminated Materials by third parties; Issuance of orders or regulations by Governmental Authorities (e.g. US Department of Homeland Security, TSA, Federal Aviation Administration 'FAA', others that require changes to the Developer's design or construction procedures); Issuance of a temporary restraining or legal order; and TSA Changes/Delay.
- 3.4.5 Compensation Events (Type 3) regards to any losses, expenses, damages, cost, claims, fees, cause of action or fines asserted by a third party against the Developer or any Developer-Related Entity with respect to Contaminated Materials for which the Owner is deemed to be the generator or arranger. Nevertheless, Compensation Event (Type 3) excludes any event or circumstances caused by the negligence, misconduct, or breach of Law by the Developer of any Developer-Related Entity.
- 3.4.6 The table below summarises the Compensation Events.

Table 3-2 Summary of Compensation Events

Category	Description
<p>Compensation Event (Type 1)</p>	<ul style="list-style-type: none"> • Owner Change (including any Compensable Non-Discriminatory O&M Change) or any Discriminatory O&M Change; • Safety Compliance Orders; • Owner’s failure to perform any of its material covenants under the PA; • Owner-Caused Delays; • Violation of applicable Law by the Owner; • The development, use, or operations by the Owner that materially prevents the Developer from performing its obligations; • Performance of work by the Owner that materially disrupts or interferes with the Developer’s work; • Failure by the Owner to complete Level 5.5 Project; • The operation by the Owner for use by the public of a new terminal unless the Passenger Capacity Threshold has been achieved; • Any expansion of, changes in or improvements of concession offerings in the Airside Concession Space that represents a ratio of total Airside Concession Space to Total Enplanements in excess of the Concessions Growth Ratio when calculated, but excluding any instance where such ratio is exceeded due to actual passenger traffic being less than the Approved Traffic Forecast for the relevant twelve-month period; • The imposition of any limitations, restrictions or other measures by the Owner that reduce any access of passengers or vehicular traffic from the Terminal or within the Terminal; • Suspension by the Owner of train services between the Terminal and any of the Airport concourses or failure to repair or remedy any operational failure of the train for an aggregate period in excess of 160 hours per year; • Release of Contaminated Materials by the Owner; • Discovery of Pre-existing Contaminated Materials; • Discovery of Unknown Structural Conditions; • Discovery of Unknown Utilities that adversely affects the Infrastructure D&C Work outside the Terminal but within the Project Site; • Revocation of, amendment to, or the failure by the Building Official to comply with the terms of the Existing DBC Administrative Modifications or the Formal DBC Administrative Modification; • Discovery in respect of the implementation of the D&C Work of any noncompliance of the Terminal as of the Effective Date with applicable DBC requirements to the extent such noncompliance (i) is not previously addressed in the existing DBC Administrative Modification or the Formal DBC Administrative Modification once obtained, and (ii) was not known or could have reasonably been known by Developer or a related entity; • Discovery of archaeological, paleontological or cultural resources; • Discovery on the Work Site of threatened or endangered species under the federal or State endangered species act; • Issuance of a temporary restraining order or other form of injunction or legal order by a court that prohibit prosecution of any portion of the Work as a direct result of an act or omission of any Owner-Related Entity; • denial by the Owner of Developer’s requests for a required Design Exception/Deviation in breach of the Development Agreement; • Any modification, amended, change, or supplement to: (i) the General Junior Lien Bond Ordinance or the Supplemental Junior Lien Ordinance; or (ii) the rate coverage covenant included in the General Junior Lien Bond Ordinance; or the Bond Ordinance that affects the Owner’s ability to make supplemental payments.

Category	Description
Compensation Event (Type 2)	<ul style="list-style-type: none"> Qualifying Change in the Law; Release of Contaminated Materials by a third party who is not a Developer-Related Entity; Issuance of a rule, order, or directive from the US Department of Homeland Security, TSA, FAA, or any other Governmental Entity to the extent such rule, order or directive requires specific changes in Developer’s normal design or construction procedures; Issuance of a temporary restraining order or other form of injunction or legal order by a court that prohibits prosecution of any portion of the Work other than as a direct result of an act or omission of any Owner-Related Entity; TSA Change/Delay.
Compensation Event (Type 3)	Any losses, expenses, damages, costs, claims, fees or any other liability of Developer or Developer-Related Entity to any third party for any claim, cause of action, or fine asserted by such third party against Developer with respect to Contaminated Materials for which the Owner is deemed to be the generator or arranger. Compensation Events (Type 3) excludes any event or circumstance to the extent caused by the negligence, willful misconduct, or breach of applicable Law or contract by Developer.

Source: Development Agreement

3.4.7 Delay events lead to Schedule relief only and they can be grouped in delay events due to Adverse Conditions, DEN Changes, and Governmental/Legal. The table below summarizes a description of Delay Events.

Table 3-3 Delay Events

Category	Description
Delay Events	<p>Adverse Conditions:</p> <ul style="list-style-type: none"> Force Majeure, Adverse Weather Event during the Project Construction, <p>DEN Change:</p> <ul style="list-style-type: none"> Non-Compensable Non-Discriminatory O&M Change, <p>Governmental / Legal:</p> <ul style="list-style-type: none"> Key Governmental Approval failure, State wide Labour action (e.g. strikes), Work by governmental entities (other than the TSA Work) that affects developer work, Other changes in Law not considered as ‘Qualifying changes.’

Source: Development Agreement

3.5 Design and Construction Contract

3.5.1 The technical risk transfer between the DA and the D&C Contract are summarised in the following table in so far as they relate to the D&C Contractors Scope of Work, based on the LTA’s technical understanding of the contract documents.

Table 3-4: Risk Transfer Table

	Owner/Authority	Developer	D&C Contractor
Reliance on Reference Documents		→	x
Adequacy and Appropriateness of the Technical Requirements		→	x

	Owner/Authority	Developer	D&C Contractor
Owner Change ¹	x		
Financial Close		X	
Project Right of Entry	x		
Interference with Adjacent Projects		→	x
Compliance with Airport Rule, Regulations and Activities		→	x
Preliminary Planning & Engineering Activities for the D&C Work		→	x
Governmental Approvals		→	x
Submittal Review, Approval and Comment ²		→	x
Damage or loss or disruption to the Airport Activities		→	x
Incident Response	x		
Utility Supply	x		
Public Art ³	x		
Unforeseeable Work and Conditions in Connection with the D&C		→	x
Errors and omissions in the Issued for Construction Plans and Specifications		→	x
Formal DBC Administrative Modification		→	x
Utility Adjustments necessary for the performance of the D&C Work within or outside the Project Site		→	x
FF&E		→	x
NTP 1		x	x
NTP 2		x	x
Functional Area Readiness Certificate		→	x
Certificate of Project Substantial Completion		→	x
Certificate of Project Final Acceptance		→	x
LEED Compliance		→	x

	Owner/Authority	Developer	D&C Contractor
Contaminated Materials and Undesirable Materials Management ⁴		→	x
Environmental Compliance		→	x
Emergency Repair Work		x	
Renewal Work		x	
Safety Compliance		→	x
Retaining Project Documents		→	x
Unknown Structural Conditions / Utilities	x		
Discovery of archeologically, paleontologically or cultural resources at or on the Work Site	x		
Discovery at or on the Work Site of threatened or endangered species under the federal or State endangered species act	x		
Issuance of a rule, order or directive from the US Department of Homeland Security, TSA, FAA or any other Governmental Entity	x		
TSA Change / Delay	x		
Force Majeure	x	x	x
Adverse Weather	x	x	x
Change in Law ⁵	x	x	x
Care of D&C Work from issuance of applicable Readiness / Completion date ⁶	x ⁶	x	

	Owner/Authority	Developer	D&C Contractor
<p>Notes:</p> <ol style="list-style-type: none"> 1. <i>Other than Non-Compensable Non-Discriminatory O&M Change.</i> 2. <i>Developer is responsible for review and comment of submittal labelled as “Developer Reviewable Submittals” under the D&C Contract only.</i> 3. <i>Developer design and construction to accommodate any existing art in the Terminal at no additional cost/time extension/other relief. This is passed down to the D&C Contractor to the extent considered D&C Contractor Work.</i> 4. <i>Other than for Compensation Type m) Release of Contaminated Materials by the Owner, but only to the extent such release (i) occurs after the Effective Date; (ii) is required to be reported to a Governmental Entity; and (iii) renders use of the Work Site unsafe or in breach of applicable Law absent assessment, containment and/or remediation; Discovery of Pre-existing Contaminated Materials; Release of Contaminated Materials by a third party who is not a Developer-Related Entity, but only to the extent such release (i) occurs after the Effective Date; (ii) is required to be reported to a Governmental Entity; and (iii) renders use of the Work Site unsafe or in breach of applicable Law absent assessment, containment and/or remediation.</i> 5. <i>Other than Qualifying Change in Law which is considered a Compensation Event (Type 2)</i> 6. <i>It is noted that the care of D&C Works in the areas outside the O&M Limits is the responsibility of the Owner/Authority</i> 			

4 SECURITY PACKAGE

4.1 LTA Opinion

- 4.1.1 The D&C Contract defines an overall liability cap of 35% of the Contract Price, and a cap of Liquidated Damages as 15% of the Contract Price.
- 4.1.2 The LTA has carried out an analysis, based its experience and established methodology, to estimate the D&C Contractor's liability under an unlikely, very onerous scenario of termination and replacement during the construction period.
- 4.1.3 The analysis shows that the overall Liability of the D&C Contractor, including maximum assumed liquidated damages for estimated delays, in the event of termination and replacement, is as high as US\$171m, i.e. 26.4% of the Contract Price. The LTA is satisfied that cap on the D&C Contractor liability under the D&C Contract, defined as 35% of the Contract Price, is sufficient to accommodate a replacement of the D&C Contractor as well as delays to completion longer than the long stop date of 365 days.
- 4.1.4 In the event of a replacement, the Developer would require immediate cash to cover replacement costs. The LTA's analysis shows that this cost could amount to up to 7.2% of the Contract Price. On this basis, the LTA is satisfied that the Cap on Liability and liquid security is consistent with the LTA's expectations, even when considering an aggressive set of assumptions and, therefore is appropriate and adequate for the Project.

4.2 D&C Contract Security Package

Introduction

- 4.2.1 The objective of this section is to provide the LTA's assessment of the additional cost and time to complete the Project in the event of the replacement of the D&C Contractor during the Construction Period. This is achieved by defining a set of theoretical replacement scenarios informed by data provided by the Developer. The information reviewed for this section includes:
- D&C Contract "GHP – Design & Construction Contract.pdf", dated July 26, 2017 (discussed in section 3.4);
 - Baseline Project Schedule (as referred to in section 8 of this report);
 - D&C Contractor Maximum Payment Curve ("Maximum Payment Curve.xls", received on July 17, 2017);
 - Liquidated Damages definition (as defined in the D&C Contract).
- 4.2.2 The instruments of performance security furnished by the D&C Contractor for its liability to the Developer are introduced in section 3 [D&C Contract review] of this report. These are notably;
- **Affiliate Company Guaranty** – Guarantor: Ferrovial US Construction Corp. The Contractor's Limitation on Liability is set out in the D&C Contract in the amount of the 35% of the Contract Price.
 - **D&C Performance Security:**
 - D&C Performance Bond, in the amount of 50% of the Contract Price; and
 - D&C Payment Bond, in the amount of 50% of the Contract Price;

- **Liquidated Damages** – daily amount in case of delay in each Phase of the construction works (see 4.2.13 for further details).

4.2.3 The commentary and analysis in this section are from a technical perspective only, and legal advice should be sought by the Lenders in relation to any point noted below which could have legal implications, either during termination procedures or the procurement of a new D&C Contractor.

Methodology

4.2.4 The LTA’s established methodology is a theoretical calculation of the additional cost and time associated with the replacement of the D&C Contractor and to complete the Project, as planned, in the event of termination due to an Event of Default in the D&C Contract. The LTA considers the replacement of the D&C Contractor to be an unlikely but material event with significant impact to the Project in terms of delays and additional costs to complete the Project.

4.2.5 The LTA has approached this analysis based on experience with similar projects, thereby ensuring that the technical assumptions reflect the worst-case scenarios. The analyses of scenarios are not intended to be precise but, rather, serve as a guideline for such scenarios represented in monetary terms as a proportion of the overall capital expenditure (Capex).

4.2.6 The analysis does not address, nor consider, the track record and capabilities of the D&C Contractor’s members and/or the likelihood of occurrence. The analysis assumes that an Event of Default has occurred in each scenario and the Project Company will be entitled to terminate the D&C Contract.

4.2.7 The LTA’s methodology is based on the quantitative analysis of:

- Peaks of expenditure in the planned monthly construction cash flow;
- Key construction activities taking place on site when expenditure is high or material; and
- Other key activities, for example procurement of major equipment, works phasing plan, which, in the LTA’s experience, have the ability to impact negatively on the Project in terms of costs and delays to the completion date.

4.2.8 The LTA has developed a set of three different scenarios, which assumes the replacement in three different moments within the Construction Phase as detailed in the table below.

Table 4-1 Replacement scenarios description

Scenario	Construction month	Phase	Description of the works at Termination
Scenario S1	13	1	At this stage the D&C Contractor is tasked with delivery of all Submittals and Governmental Approvals necessary for the Commencement of Construction. Design is in around 90% completion but the only physical works completed until this point are those for the CMF room.
Scenario S2	19	2	Works are progressing in Phase 2, with the critical path occurring on the works inside the Level 4 platform work area. All procurement for Phase 2 should have been finished and the design packages delivered. Around 50% of Capex has already been invested into the D&C Works.
Scenario S3	40	4	The D&C Contractor should at this stage be commencing the demolition of the North Bridge on Level 6, having completed the relocation of the TSA screening area in the prior Phase. The Baseline Project Substantial Completion Date is less than a year away.

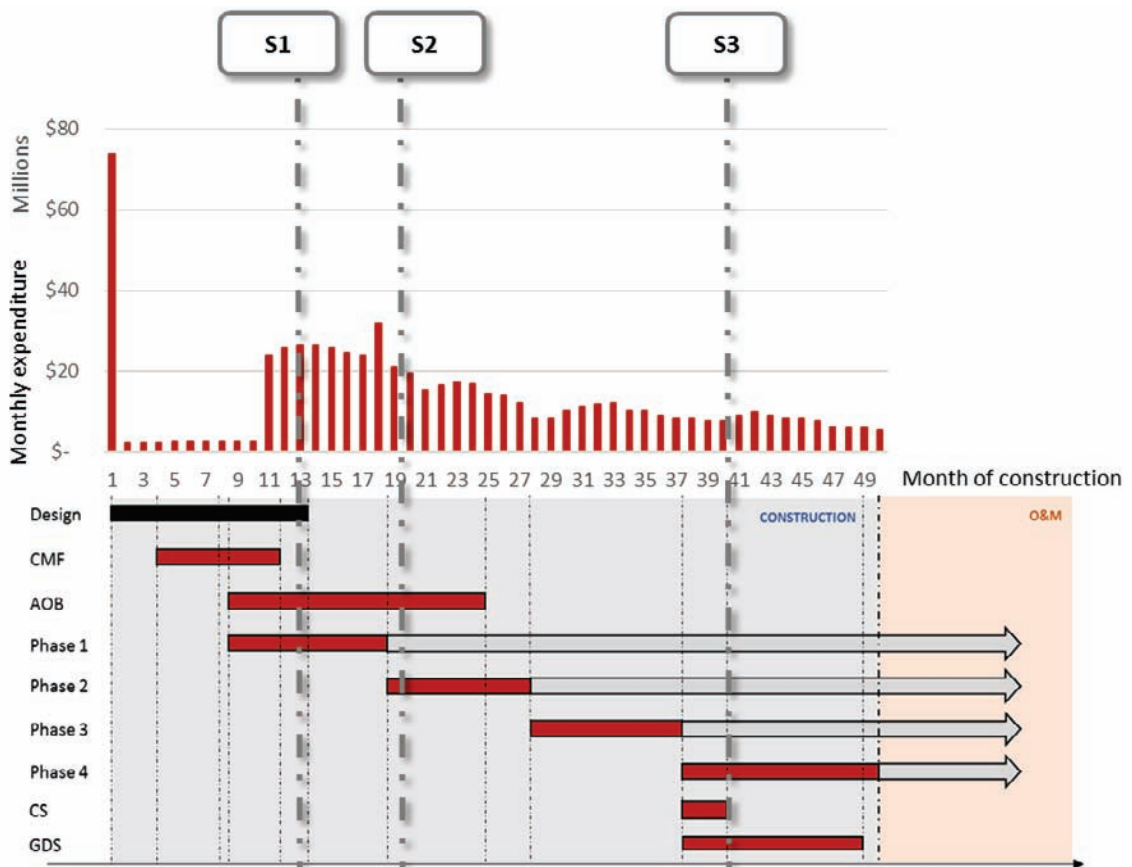
Source: LTA

4.2.9 For each of the three scenarios the LTA has defined a set of assumptions on a ‘Worst-case’ (“WC”) so that the replacement costs could be calculated. The LTA has further stress-tested the security package by defining a more onerous set of assumptions, the ‘Aggressive Worst-case’ (“AWC”). These two cases are summarized below:

- Worst-case assumes a scenario that is technically possible, with conservative cost and delay assumptions; and
- Aggressive worst-case assumes a scenario that is technically possible but unlikely, with very conservative cost and delay assumptions.

4.2.10 The Worst-case and the Aggressive worst-case are tested in the three scenarios which are shown in the figure below.

Figure 4-1 Monthly Capex against the Construction Schedule



Source: Infrata; Data: the Developer

Acronyms: CMF (Central Monitoring Facility), AOB (Airport Office Building), CS (Curb Side), GDS (Goods Delivery Structure)

Replacement Scenarios and Delay Assumptions

4.2.11 LTA has considered three scenarios-in-time resulting in a set of delays and cost impacts from a Contractor default. In terms of delays, the proposed scenarios consider:

- Time to replace the Contractor (including preparation of tender documents, procurement and contract award);

- Time for mobilisation and subcontracts negotiations of the new Contractor;
- Delay to the works;
- Potential work acceleration times.

4.2.12 Based on these, the LTA considers the delays shown in the Table 4-2 below, for each of the cases and scenarios. The aggregated delay due to termination in each scenario is also shown in the Table 4-2, for each Phase, as well as the resulting amount of cumulative Liquidated Damages in the respective case/scenario.

Table 4-2 Aggregated delay due to termination (days)

Delay Item (days)	Scenario S1		Scenario S2		Scenario S3	
	Worst-case	Aggressive worst-case	Worst-case	Aggressive worst-case	Worst-case	Aggressive worst-case
Measure status and preparation of tender documents	30d	60d	30d	60d	30d	60d
Tender procedure time	60d	60d	60d	60d	60d	60d
Contract negotiation and mobilisation	70d	90d	70d	90d	70d	90d
Delay to the works	45d	60d	50d	60d	70d	90d
(A) Total delay before acceleration	205d	270d	210d	270d	230d	300d
(B) Acceleration time – considered % of available weekend days utilised for acceleration						
<i>Phase 1 (94 weekend days)</i>	0%	0%	-	-	-	-
<i>Phase 2 (84 weekend days)</i>	40%	30%	40%	30%	-	-
<i>Phase 3 (78 weekend days)</i>	40%	30%	40%	30%	-	-
<i>Phase 4 (110 weekend days)</i>	60%	50%	60%	50%	60%	50%
Residual Delay (A-B)						
<i>Phase 1</i>	205d	270d	-	-	-	-
<i>Phase 2</i>	171d	245d	210d	270d	-	-
<i>Phase 3</i>	140d	221d	179d	247d	-	-
<i>Phase 4</i>	74d	166d	113d	192d	230d	300d
Total Liquidated Damages (USD)	\$26,092,040	\$45,865,380	\$22,076,400	\$35,958,900	\$35,949,000	\$46,890,000
% of Contract Price	4.0%	7.1%	3.4%	5.5%	5.5%	7.2%
Liquidated Damages cap (USD)	\$97,500,000 15% of the Contract Price					

Source: LTA

4.2.13 The LTA has been informed that the Liquidated Damages as defined in the D&C Contract, have been calculated to cover for Project cash flows in case of delays, and considers the monetary value in the Contract are cover appropriately the costs incurred.

4.2.14 The LDs daily amounts, as defined in the D&C Contract, are:

- Phase 1 = US\$53,500;
- Phase 2 = US\$6,100;
- Phase 3 = US\$17,700; and
- Phase 4 = US\$156,300.

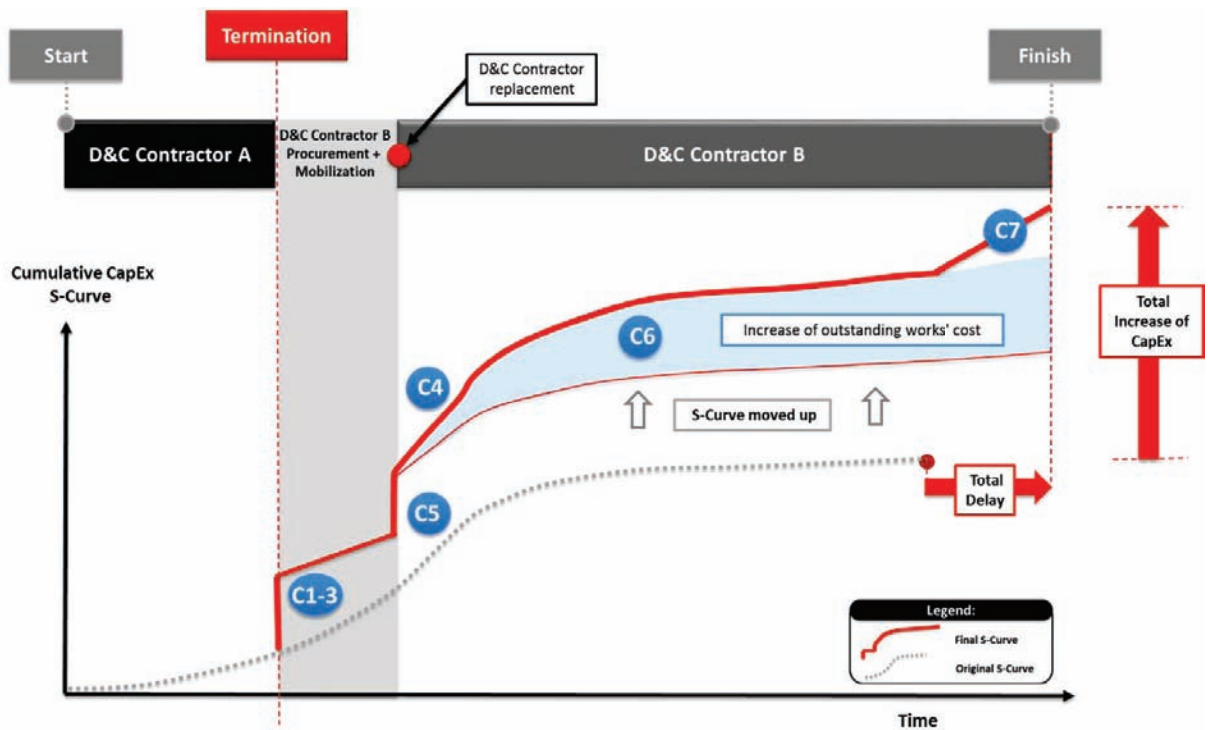
4.2.15 The D&C Contract defines a cap on LDs of 15% of the Contract Price, which efficiently covers for LDs applied to a delay as long as the long stop date (365 days).

Additional Costs to Replace and Complete the Works

4.2.16 A representation of the Scenarios and how each occurs during the Construction Cash flow are show in Figure 4-2.

4.2.17 In determining the cost to replace the D&C Contractor and complete the infrastructure due to each Default scenario, the LTA considered the items summarized in the following figure.

Figure 4-2 Cost structure to replace and complete the Works



Source: LTA

4.2.18 The assumptions used to calculate the cost components are described in Table 4-3 below:

Table 4-3 Assumptions in cost calculations for each case

Item	Additional Cost	Description	Worst-case	Aggressive worst-case
C1	Tender Cost	The associated cost to put together the documentation to find a new D&C Contractor.	6 employees over the period for procurement, with a monthly wage of US\$12,000 per employee.	
C2	Ransom Creditors	Creditors might pursue claims relating to arrangements with the terminated D&C Contractor against the Concessionaire, or the Concessionaire might have to incur in additional costs to re-engage the incumbent's supply chain to continue the works. Assumed that 80% of the works will be subcontracted.	25% of the cost with subcontractors in the month where the scenario takes place, plus 12.5% in the preceding month, and 6.25% in the preceding month.	50% of the cost with subcontractors in the month where the scenario takes place, plus 25% in the preceding month, and 12.5% in the preceding month.
C3	Consulting fees due to termination and additional monitoring	Estimated cost of additional advisory fees for legal and technical advisors.	Fixed fee assumption: US\$500k Legal advisors' fees US\$100k added Technical DD fee US\$200k additional LTA monitoring	
C4	Remedial Costs	Remedial costs arise from repairing prior works of deemed to be of insufficient standard or not meeting the contractual requirements. It is assumed that a D&C Contractor in default would not have performed its obligations to an acceptable standard. Thus, the Concessionaire, whether on its own or through a new D&C Contractor, would have to assess the quality of prior works and determine remedial measures.	20% of cost across the past 2 months of before the termination scenario takes place.	20% of cost across the past 3 months of before the termination scenario takes place.
C5	Additional Engineering	Allowance to cover for the need to assess any faulty/ non-compliant design or works and draw up plans suitable for new D&C Contractor. Initial engineering represents 8% of the Contract Price	Estimated has 2% of the remaining costs to complete.	Estimated has 4% of the remaining costs to complete.
C6	Construction uplift %	Allowance made on the basis of the estimated value of the capital costs invested into the Project (by construction elements) at the time of default, the remaining balance to complete the works, the time left in the Construction Schedule, added mobilisation costs, necessary acceleration measures that the new D&C Contractor will have to put in place in order to minimize delays and technical complexity of the works remaining.	See Table 4-4.	
C7	Liquidated Damages (LD) allowance	Corresponds to the LD defines in the D&C Contract, and calculated in accordance with de delays considered by the LTA for each scenario.	As per table Table 4-2.	

Source: LTA

Table 4-4 Assumptions for construction uplifts calculation (C6)

Cost item	Scenario 1		Scenario 2		Scenario 3	
	Worst-case	Aggressive Worst-case	Worst-case	Aggressive Worst-case	Worst-case	Aggressive Worst-case
Soft Costs (excludes designs)	5%	10%	5%	10%	5%	10%
Hard Costs:						
<i>Civil Works and FF&E</i>	10%	15%	10%	15%	15%	20%
<i>Fit-out works</i>	15%	20%	15%	20%	20%	25%
<i>Systems – Electrical, IT and Communications</i>	10%	15%	10%	15%	15%	20%
<i>Systems – MEP, Safety and Security and Fire suppression</i>	15%	20%	15%	20%	20%	25%
<i>Systems - Conveyances</i>	20%	25%	20%	25%	20%	30%
<i>Contingencies for Hard Costs</i>	2%	2%	2%	5%	5%	5%

Source: LTA

Summary of Cost result per Scenario

4.2.19 The tables below present the results for the Worst-case and the Aggressive worst-case for each of the three scenarios, the delay and cost assumptions from the tables above.

Table 4-5 Summary of additional costs under the Worst-case

Worst Case - Costs in USD			
Month	Scenario 1	Scenario 2	Scenario 3
	13	19	40
Contract Price:	650,000,000		
Total works completed:	171,904,580	325,554,540	574,166,400
Total works completed %	26%	50%	88%
Balance to complete:	478,095,420	324,445,460	75,833,600
Balance to complete %	74%	50%	12%
No. Name			
C1 Tender Costs	384,000	384,000	384,000
C2 Ransom Creditors	9,100,831	8,606,681	2,699,481
C3 Consultancy Fees	800,000	800,000	800,000
C4 Additional Engineering	9,555,473	6,484,542	1,515,651
C5 Remedial Costs	8,297,600	7,449,800	2,297,800
C6 Construction Uplift	53,846,351	37,266,153	11,216,520
C7 Liquidated Damages	26,092,040	22,076,400	35,949,000
Grant Total	108,076,295	83,067,576	54,862,452
% of the Contract Price	16.6%	12.8%	8.4%

Source: LTA

Table 4-6 Summary of additional costs under the Aggressive worst-case

Aggressive Worst Case - Costs in USD				
	Month	Scenario 1	Scenario 2	Scenario 3
		13	19	40
Contract Price:		650,000,000		
Total works completed:		171,904,580	325,554,540	574,166,400
Total works completed %		26%	50%	88%
Balance to complete:		478,095,420	324,445,460	75,833,600
Balance to complete %		74%	50%	12%
No.	Name			
C1	Tender Costs	504,000	504,000	504,000
C2	Ransom Creditors	18,201,662	17,213,362	5,398,962
C3	Consultancy Fees	800,000	800,000	800,000
C4	Additional Engineering	19,110,945	12,969,083	3,031,302
C5	Remedial Costs	8,339,800	11,441,400	3,493,800
C6	Construction Uplift	78,889,542	54,615,446	15,733,360
C7	Liquidated Damages	45,865,380	35,958,900	46,890,000
Grant Total		171,711,329	133,502,191	75,851,424
% of the Contract Price		26.4%	20.5%	11.7%

Source: LTA

4.2.20 Based on the scenarios and assumptions outlined above and the assessment undertaken by the LTA, the total potential liability due to the D&C Contractor replacement ranges from 8.4% to 26.4%. These are well below the cap as it is defined in the D&C Contract, equal to 35% of the D&C Contract price.

4.2.21 In order to further test the total liability cap of 35%, the LTA has considered a limit situation whereby the assumption C7, Liquidated Damages, would be at its higher possible, i.e. hypothetically the 15% cap defined in the D&C Contract. In this case, the analysis shows that the overall liability, under the Aggressive worst-case, would be of 34.4% as shown below.

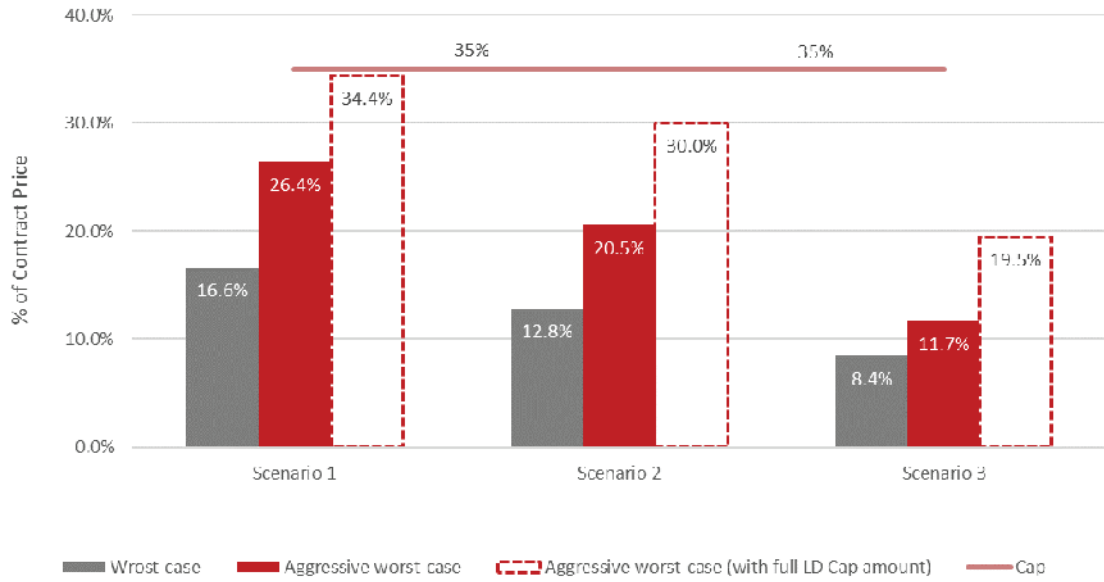
Figure 4-3 LD Analysis

Aggressive Worst Case - Costs in USD				
	Month	Scenario 1	Scenario 2	Scenario 3
		13	19	40
C7	Considering the full LD Cap amount (15% of Contract Price)	97,500,000	97,500,000	97,500,000
Grant Total		223,345,949	195,043,291	126,461,424
% of the Contract Price		34.4%	30.0%	19.5%

4.2.22 It is worth noting, however, that considering the full 15% cap of the LD amount is extremely onerous and is not seen as realistic. In fact, the LD applied to the longstop date of 365 days, amounts to US\$85,264,000, which represents 13.1% of the Contract Price.

4.2.23 The figure below summarises this comparison, and includes the hypothetical inclusion of the full 15% LD cap amount.

Figure 4-4 Liability due to D&C Contractor replacement



Source: LTA

Liquidity Test

- 4.2.24 Based on the replacement scenarios mentioned above, the LTA has identified immediate cash requirements of the Concessionaire to exercise an EPC Contractor replacement
- 4.2.25 The results for each of the three scenarios and both the Worst-case and Aggressive worst-case are shown in the figures below.

Table 4-7 Worst-case

Worst Case - Costs in USD				
		Scenario 1	Scenario 2	Scenario 3
		13	19	40
Contract Price:		650,000,000		
C1	Tender Costs	384,000	384,000	384,000
C2	Ransom Creditors	9,100,831	8,606,681	2,699,481
C3	Consultancy Fees	800,000	800,000	800,000
C4	Additional Engineering	9,555,473	6,484,542	1,515,651
C5	Remedial Costs	8,297,600	7,449,800	2,297,800
Grant Total		28,137,904	23,725,023	7,696,932
% of the Contract Price		4.3%	3.7%	1.2%

Source: LTA

Table 4-8 Aggressive worst-case

Aggressive Worst Case - Costs in USD				
		Scenario 1	Scenario 2	Scenario 3
Month		13	19	40
Contract Price:		650,000,000		
No.	Name			
C1	Tender Costs	504,000	504,000	504,000
C2	Ransom Creditors	18,201,662	17,213,362	5,398,962
C3	Consultancy Fees	800,000	800,000	800,000
C4	Additional Engineering	19,110,945	12,969,083	3,031,302
C5	Remedial Costs	8,339,800	11,441,400	3,493,800
Grant Total		46,956,407	42,927,845	13,228,064
% of the Contract Price		7.2%	6.6%	2.0%

Source: LTA

4.2.26 The results of the LTA’s analysis show that the immediate replacement costs range between 1.2% and 7.2%.

In the event of a replacement, the Developer would require immediate cash to cover replacement costs. The LTA’s analysis shows that this cost could amount to up to 7.2% of the Contract Price. On this basis, the LTA is satisfied that the Cap on Liability and liquid security is consistent with the LTA’s expectations, even when considering an aggressive set of assumptions and, therefore is appropriate and adequate for the Project.

5 PAYMENT MECHANISM

5.1 Introduction

5.1.1 The LTA has reviewed the Payment Mechanism as presented in the main body of the Development Agreement, and Appendices 9 and 10.

5.2 LTA Opinion and Key Issues

5.2.1 The LTA notes the majority of revenues payable to the Concessionaire are derived from three main sources: (i) Progress Payments during Construction, (ii) Concession Revenues from the date upon which O&M Services commence for the relevant O&M Segment and (iii) Supplemental (Availability) Payments following Substantial Completion.

5.2.2 From a technical perspective, the LTA views the composition of different revenue sources as favourable, particularly with regard to the inclusion of a payment structure for the Construction Period and an Availability Payment mechanism, limiting the liquidity risk for Substantial Completion and hedging the demand risk associated with the Commercial Revenue.

5.2.3 The LTA finds the Payment Mechanism to be clear and well set out. It is understood that the Developer has worked together with the Owner during the PDA phase in providing input to a mechanism which is readily understood and provides clear indication of responsibility.

5.2.4 The LTA has reviewed the application of Performance Deductions resulting from Noncompliance Events, and believes the mechanism to be comprehensible for the operating staff tasked with delivery of the O&M Services. Noncompliance Events associated with other categories of failure, such as the management of Concessions, are not assigned any monetary deduction, only those relating to technical performance in account of the O&M services. The LTA is comforted by the equal risk share across the demarcation points with the Owner, such that both Parties are required to deliver to the same standard of care and due diligence despite interface of the O&M limits.

5.2.5 The procedures defined for notification and applications of Noncompliance Events, including the system for logging and tracking such instances, appears well thought out and simplistic to implement.

5.2.6 The LTA has undertaken its an estimation of the Worst-Case deductions during a given year, based upon the performance indicators, operational nature of the infrastructure and time allowances for rectification. In addition to those indicators relating to emergency response, the LTA believes requirements relating to cleaning to be among those considered more sensitive. The LTA's Worst Case equates to 24 points per month, providing a further possible contingency of 1 point, even in the event of negligent and disorganised delivery of O&M Services. In the event that such contingency is used up (i.e. the Aggressive Worst Case) for 3 months in a given year, the maximum deductions could equate to 0.6% of the Operating and Investment Cash Flow presented in the Financial Model.

5.2.7 The LTA certifies its opinion that the risk of deductions is considered low.

5.2.8 The table below sets out the key issues that the LTA identifies on this subject.

Table 5-1 Key Issues Project Structure and Key Parties

Subject	Description of Risk	LTA Opinion
Risk of deductions during the bedding in period.	From the LTA’s experience, the years in which Operational deductions are deemed most likely are during the first few years of O&M services or the ‘bedding-in period’. This is following mobilisation of the O&M staff and aligns with the time during which processes are still becoming embedded and the O&M Supervisors are not yet experienced in their roles.	The LTA has undertaken an assessment of a Worst-Case scenario against the Performance Standard, and finds the risk of deductions to be low in likelihood, even in account of poorer performance during the start-up of the Operating Period.

Source: LTA

5.3 Payment Mechanism Overview

5.3.1 This section of the report describes the main principles behind the mechanism by which the Developer will be remunerated. The payment mechanism is detailed in *Article 13 of the DA*. The Owner will make payments to the Developer throughout the Construction and Operation phases of the Project, with payments subject to adjustment in the form of deductions. The payment mechanism is structured as follows.

- **Preconstruction Phase:** The Developer will be eligible for payments for the Early Design Work from the Effective Date.
- **Construction Phase:** The Developer will receive Progress Payments on a monthly basis from a subaccount within the Owner capital account.
- **Operational Phase:** Annual Supplemental Payments of USD 24 million (2016 USD price) will be paid to the Developer distributed monthly. The LTA understands that the payment will be established as a Junior Contract Obligation under the future Junior Bond Ordinance. Supplemental Payments consist of two elements:
 - O&M Payments – It is the amount of the total Opex estimated for the first full-operating year (2022). This value is indexed annually with CPI.
 - Capital Payments – It is calculated as the total Annual Supplemental Payment minus the O&M Payment. This amount is not indexed with CPI, instead a 2.5% fixed annual indexation rate (from 2017) is assumed.
- **Revenue share:** 20% of both the Concessions Revenue and the rest of the components under the definition of Developer Commercial Revenue, as defined in Appendix 1 of the DA, are kept with the Developer.

5.4 Payments for Early Design Work

5.4.1 The Developer will perform the Early Design Work from the Effective Date until the Financial Close Date, provided that the DA is not terminated prior to the achievement of Financial Close.

5.4.2 Under Section 2.3.2 of the DA, the Owner will pay to the Developer Progress Payments on a monthly basis for the Early Design Work. The amount of each payment shall equal the progress of the Early Design Work completed in accordance with the schedule presented in Table 5-2 (see Appendix 2-F of the DA), provided that all the Design Work meets the Technical Requirements defined for the relevant month.

Table 5-2 Early Design Work schedule of payments (US\$)

	TOTAL US\$	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
CMF	\$1,000,000	\$500,000	\$250,000	\$250,000			
30% Design	\$15,000,000	\$7,500,000	\$3,750,000	\$3,750,000			
60% Design	\$12,000,000				\$3,000,000	\$3,000,000	\$6,000,000
Total	\$28,000,000	\$8,000,000	\$4,000,000	\$4,000,000	\$3,000,000	\$3,000,000	\$6,000,000

Source: Appendix 2F, DA

5.5 Progress Payments during construction

5.5.1 The Owner will pay to the Developer Progress Payments on a monthly basis, provided that no Progress Payment shall be payable until NTP 1 has been issued. Each Progress Payment shall equal the total amount payable by the Developer to the D&C Contractor for the D&C Work performed in the relevant month, multiplied by the Progress Payment Percentage.

5.5.2 In accordance with Appendix 1 of the DA, the Progress Payment Percentage equals 73.73%. This percentage is obtained dividing the Maximum Progress Payment Amount (US\$479,245,000), which represents the maximum amount of the D&C Contract to be paid by ways of Progress Payments, by the D&C Contract Amount (US\$650,000,000).

Bonus Payments for Early Completion

5.5.3 Under Section 13.2 of the DA, the Developer is entitled to a Bonus Payment for the early completion of the TSA Screening Area in accordance with the Technical Requirements. This will be split equally with the Contractor.

5.5.4 If the Developer hands over the TSA Screening to the Owner on, or less than thirty (30) days prior to, the Scheduled Developer TSA Screening Area Handover Date, the Developer shall be entitled a Bonus Payment of US\$2 million. And if the TSA Screening Area is handed more than thirty (30) prior to the scheduled handover date, the Developer shall be entitled a Bonus Payment of US\$3 million. The table below summarizes the Bonus Payments procedures.

Table 5-3 Bonus Payments entitled by Developer for early completion of work

Condition	Bonus Payment Entitled	To be paid
The Developer hands over the TSA Screening Area to the Owner on or less than (30) days prior to the Scheduled Developer TSA Screening Area Handover Date.	US\$2 million	Within 30 days of receipt of an invoice submitted by the Developer
The Developer hands over the TSA Screening Area to the Owner on more than (30) days prior to the Scheduled Developer TSA Screening Area Handover Date.	US\$3 million	Within 30 days of receipt of an invoice submitted by the Developer

Source: Development Agreement

5.6 Revenue Share

5.6.1 Section 2 of Appendix 10 to the DA states that the Developer will begin to accumulate Commercial Revenues upon commencement of the O&M Services within the relevant O&M Segment, see Figure 8-5. The Developer shall remit to the Owner, on a monthly basis, the **Monthly revenue remittance**, being the sum of:

- **Owner Commercial Revenue** (80% of the sum of the Concessions Revenue and the Non-Concessions Revenue) for the operating month minus the **Owner Performance Deduction Amount** (see 5.8.13);
- **Deduction Amount** for the given month and any **Excess Deduction Amount** for the month previous (see 5.8.1).

5.7 Supplemental payments

5.7.1 From the Project Substantial Completion Date to the Termination Date, the Owner will pay to the Developer Supplemental Payments for the Terminal Improvements and O&M Services on a monthly basis.

5.7.2 **Monthly Supplemental Payments** are derived from the Maximum Annual Supplemental Payment. **Each Monthly Supplemental Payment** is calculated as the difference between:

- the combined **Base Monthly Supplemental Payment** amount plus the **Excess Owner Deduction Amount** Owner (the exceedance of the **Owner Performance Deduction Amount** by the **Owner Commercial Revenue** for the given month);
- the **Adjusted Deduction Amount** and any **Other Adjustments**.

5.7.3 The **Base Monthly Supplemental Payment** amount for a specific month results from dividing the **Maximum Annual Supplemental Payment** for the corresponding year by 12 and multiplying it times a **Supplemental Payment Step Up Factor**. The Maximum Annual Supplemental Payment for a given year is estimated by adding the Capital Payment amount for the previous fiscal year indexed by the Capital Payment Fixed Indexation Percentage (2.5%) and the Operation and Maintenance Payment adjusted with CPI.

5.7.4 The **Owner Performance Deduction Amount** is the sum of the financial deductions resulting from a failure by the Owner to perform the Owner O&M Obligations in accordance with the Owner Performance Standards, as calculated in accordance with Appendix 10-A of the Agreement, see 5.8.13.

5.7.5 The **Adjusted Deduction Amount** is the Amount by which the **Deduction Amount** and the **Excess Deduction Amount** from the previous month exceeds the Developer Commercial Revenue (20% of the Concessions Revenue and the Non-Concessions Revenue) for the given month.

5.7.6 The **Excess Deduction Amount** is the amount by which the **Deduction Amount** and the **Excess Deduction Amount**, from the preceding month exceeded the sum of the **Developer Commercial Revenue** and the **Base Monthly Supplemental Payment** for such month.

5.7.7 **Other Adjustments** are defined as any roll over of deductions from previous months such that the **Monthly Supplemental Payments** are greater than zero and any items payable by the Owner to the Developer pursuant to 18.1.2.12 of the DA (Insurance Premium Benchmarking).

5.8 Performance Deductions

5.8.1 **Performance Deductions** may be applied to the **Monthly Supplemental Payments** if the Developer incurs **Noncompliance Events** with respect to **Performance Failures**.

5.8.2 The total **Performance Deduction** for a month comprises the aggregate of:

- **Noncompliance Points** that that the Owner is entitled to assess (weather or not actually accessed) with respect to **Performance Failures**;

- **Noncompliance Points** assessed with respect to repeated **Performance Failures** multiplied by the **Repeat Failure Ratchet** apply in the corresponding month.

5.8.3 Multiplied by **US\$2,000** (indexed against CPI).

5.8.4 Whereby no **Performance Deductions** shall be made with respect to a month until the aggregate amount of such deductions equals or exceeds US\$50,000 for such month, after which the full amount of such deductions shall be assessed. The LTA has been informed that the amount of US\$50,000 will be to be subject to the same indexation as that of the deduction weighting (**US\$2000**, see above.).

5.8.5 The **Repeat Failure Ratchet** is zero, unless a repeated failure of one **Performance Failure** criteria occurs three or more times in a 20-day period, in which case it is 0.5 for every third occurrence (DA, Appendix 10, 4.1).

Noncompliance Events

5.8.6 Appendix 9 of the DA details 17 Noncompliance Events grouped into three categories: ACDBE, O&M Services, and Concession Management. Cure periods are applicable to most Noncompliance Events, with a maximum period of 30 days allowed. The number of Noncompliance Points for Noncompliance Events varies between 1 and 5 points. Only the Noncompliance Events related to Performance Failures (DA, Appendix 9-A) will result in Performance Deductions, as covered in 5.8.1. A full list of Noncompliance Events is provided in Table 5-6.

5.8.7 Upon notification of a Noncompliance Event by either the Developer or the Owner, the Owner may assess the Noncompliance Points presented within Appendix 9 for the applicable Noncompliance Event (a) immediately if notified by the Owner and not rectified within the Fast Cure Period, where applicable, or (b) upon expiration of the Cure Period if applicable to the specific Noncompliance Event otherwise, see Table 5-6 below. Fast Cure Periods do not apply to circumstances where the Developer delivers a written notice of a Noncompliance to the Owner in accordance with the procedures set in Appendix 9-B of the DA.

Cure Periods

5.8.8 The length of the Cure Period varies according to each failure event ranging from no cure period to 24 hours. For those Performance Failure events with associated cured period, two different types of cure periods are defined: Temporary Cure Periods and Permanent Cure Periods.

- **Temporary Cure Periods:** refers to the period from the relevant Logged Failure Time within which the Owner must effect a Temporary Cure in order to avoid incurring a corresponding Owner Performance Deduction;
- **Permanent Cure Period:** refers to the period during which the Owner must effect a Permanent Cure in order to avoid incurring a corresponding Owner Performance Deduction.

5.8.9 Deductions due to Performance Failure events shall apply depending if the Performance Failure event has or has not been cured within the corresponding Temporary Cure Period and Permanent Cure Period in accordance with the conditions summarized in Table 5-4.

Table 5-4 Commencement and Duration of Noncompliance

If by end of Temporary Cure Period	If by end of Permanent Cure Period	It will be deemed that
The Noncompliance has been Temporarily Cured or Permanently Cured	The Noncompliance has been Permanently Cured	No Noncompliance occurred, and no Deduction shall be made.

If by end of Temporary Cure Period	If by end of Permanent Cure Period	It will be deemed that
The Noncompliance has not been Temporarily Cured neither Permanently Cured	The Noncompliance has been Permanently Cured	The Noncompliance occurred from the Logged Failure Time for the duration of the Temporary Cure Period and a corresponding Performance Deduction shall be made if relating to a Performance Failure.
The Noncompliance has been Temporarily Cured	The Noncompliance has not been Permanently Cured	The Noncompliance occurred and, where applicable, a Performance Deduction shall be made in respect of the Permanent Cure Period and each Recurrence Period up to and including the Recurrence Period in which the Performance Standard is Permanently Cured.
The Noncompliance has not been Temporarily Cured	The Noncompliance failure has not been Permanently Cured	The Noncompliance occurred from the Logged Failure Time and, where applicable, Performance Deductions shall be made in respect of each of the Temporary Cure Period, the Permanent Cure Period, and each Recurrence Period up to and including the Recurrence Period encompassing the Logged Permanent Cure Time.

Source: Appendix 9-B, DA

5.8.10 Two thresholds are established within the DA for total Noncompliance Events apply in instances of unacceptable levels of Noncompliance Events, as seen in Table 5-5 below.

Table 5-5 DA Noncompliance Thresholds

Noncompliance Threshold	Description
Increased Oversight Threshold (i.e. increased monitoring, testing, auditing by the Owner until the Owner is satisfied that Noncompliance points have been diligently rectified and Developer performance improved (DA, 8.5).)	Accumulation of assessed Noncompliance Points at or above 500 points within 365 consecutive days; or
	Accumulation of a number of Noncompliance Instances at or above 1000 instances within 365 consecutive days.
Persistent Developer Noncompliance (i.e. Developer Default (DA, 20.1.1).)	The cumulative number of Noncompliance Points assessed during any consecutive 365-day period equals or exceeds 2000;
	The cumulative number of Noncompliance Instances, cured or uncured, during any consecutive 365-day period equals or exceeds 3500.

Source: Development Agreement

5.8.11 The table below presents a summary of the Noncompliance events.

Table 5-6 Summary of Noncompliance Events and Noncompliance points

Subject	Description	Points	Cure period (FC: fast cure period)
ACDBE			
ACDBE Requirements	Failure to Make Good Faith efforts to meet the ACDBE goals as specified in the Agreement.	5	30 days FC: 15 days
O&M Services			
Audits	Failure to make O&M Service records available for inspection or audit purpose.	3	7 days FC: 3.5 days

Subject	Description	Points	Cure period (FC: fast cure period)
Performance Standards	Failure to comply with the Performance Standards as provided in Appendix 9-A of the Agreement.	See Appendix 9-A of DA	See Appendix 9-A of DA
Performance Standards	Failure to report or describe the occurrence of, or to accurately describe the extent of, any Performance Failure.	3	3 day FC: 1.5 days
Concessions Management			
Concentration of Ownership	Failure to comply with concentration of ownership requirements. The Concentration of Ownership shall be calculated on a % of the total square footage used for Concession operations, excluding storage space, office space, etc.	3	30 days FC: 15 days
Developer Premium Value Concession Program	Failure to comply with the material elements of the Developer Premium Value Concession Program requirements.	3	30 days FC: 15 days
Concessions Procurement Plan	Failure to comply with the material elements of the Concessions Procurement Plan requirements.	4	30 days FC: 15 days
Continuity of Concessions Operations	Failure to meet the minimum continuity of concessions ownership requirements.	3	30 days FC: 15 days
Concessions Promotion Program	Failure to comply with the requirements of the material elements of the Concessions Promotion Program.	2	30 days FC: 15 days
Merchandise	Failure to comply within 24 hours with any written direction given by the Owner pursuant to Section 2.8.7 (Merchandise) of Appendix 5-A of the Agreement.	4	3 days FC: 1.5 days
Pricing	Failure to comply with the Pricing Policy requirements. In the event that Merchandise is not priced in accordance with the Pricing Policy, failure to change the price for such Merchandise to comply with the Pricing Policy less than five days following Developer's receipt of the Owner's notice to Developer.	3	5 days FC: 2.5 days
Customer Service	Failure to respond to all written User complaints received by the Developer within 4 Business Days of notice.	2	4 days FC: 2 days
Financial reporting	Failure to comply with financial reporting requirements with the data available at the time of submission.	3	5 days FC: 2.5 days
Customer Service Reporting	Failure to comply with customer service reporting requirements with the data available at time of submission.	1	5 days FC: 2.5 days
Operations Performance Reporting	Failure to comply with operations performance reporting requirements with the data available at time of submission.	1	5 days FC: 2.5 days
Audit	Failure to annual audit, financial audit, and performance audit reporting requirements.	5	30 days FC: 15 days

Subject	Description	Points	Cure period (FC: fast cure period)
General	Failure to exercise reasonable best efforts to enforce the Mandatory Provisions, provided that the Developer may exercise commercially reasonable discretion in the enforcement of liquidated damages provisions included in the Mandatory Provisions.	3	30 days FC: 15 days

Source: Development Agreement

Performance Failures

5.8.12 A Performance Failure means a failure by the Developer to provide the O&M Services in accordance with the Performance Standards, except to the extent any such failure is caused by Planned Maintenance. These are included in Appendix 9A of the DA, Appendix B – Developer Performance Requirements of this report and are explained in further detail from a technical standpoint in 9.3.

Owner Performance Deductions

5.8.13 The Owner Performance Standards are stipulated in Appendix 10-A of the DA and are reviewed in Section 9.3.5 of this report. A full list of the Owner Performance Standards is given in Appendix C – Owner Performance Requirements.

5.8.14 Failure to adhere to the Performance Standards by the Owner may result in Deductions if the failure event has not been cured within the designated Cure Period. The specific amount of the owner Deduction depends on the specific Performance Obligation category, ranging from US\$4,000 to US\$10,000, and they are summarized in Appendix C of this report.

5.8.15 In accordance with Appendix 10-B of the DA, the Owner Performance Deduction Amount shall be deducted from the Owner Commercial Revenue on a monthly basis, provided that no Owner Performance Deductions shall be made with respect to a month until the aggregate amount of such deductions equals or exceeds US\$50,000 for such month. In the case that Owner Performance Deductions exceed the Owner Commercial Revenue for the given month, the exceeding deduction shall be added to the Monthly Supplemental Payment of the Developer, as stated in 5.7.

5.8.16 For Owner Performance Failures, the same Cure Period mechanism applies as that detailed in Table 5-4.

5.9 Performance Deductions Analysis

Introduction

5.9.1 The LTA has undertaken a “Worst Case” analysis of the Performance Deductions in order to anticipate an unlikely scenario of poor and negligent performance, calculating the resultant deductions on such basis.

5.9.2 The LTA notes that the analysis focuses upon the Performance Failures detailed in Appendix 9A as the drivers for Noncompliance Events, adding that Noncompliance Events excluding those deemed Performance Failures, as shown in Table 5-6, relate mainly to management and administrative failures. Such failures are considered less of a technical nature, more straight forward in terms of compliance and less critical due to the fact that failure does not trigger monetary deduction.

LTA Analysis

5.9.3 Following the Stress Test assessment of the total contingency available to the Developer in the event of Performance Failures, the LTA has conducted its own ‘Worst Case’ assessment of the Performance Deductions.

5.9.4 The LTA’s analysis is based upon a number of assumptions, namely:

- The sensitivity of each Performance Requirement with respect to the typical faults, failures and non-conformities in the event improper maintenance for each applicable group of infrastructures.
- The suitability of the allowance for Cure Periods and Recurrence Periods for the expected rectification measures, resources and mobilisation required to bring the failure within requirements.

5.9.5 The Worst Case models a non-performing Developer which is neither organised, nor responsive to the key indicators preceding failure of any of the Performance Requirements over an extended period. Such a scenario is considered of very low likelihood with respect to the Developer’s experience on other Airport projects, as well as in consideration of the findings of the O&M review presented in Chapter 9.

5.9.6 The results of the LTA’s Worst Case analysis are presented in the table below.

Table 5-7 LTA Worst Case Performance Deductions

Category	Description	Points	Points per year	Equivalent Points per month
1.1	Main electrical availability	4	8	1
1.2	Electrical schedules	3	0	0
1.3	Electrical availability	2	8	1
1.4	Electrical emergency response	5	10	1
2.1	Gas	5	10	1
3.1	Plumbing availability	4	8	1
3.2	Plumbing emergency response	5	10	1
4.1	Restrooms	3	36	3
5.1	HVAC availability	3	36	3
5.2	HVAC emergency response	3	72	6
6.1	Fire hazards	5	0	0
7.1	Fire systems	5	5	0
8.1	Hazard remediation	5	25	2
9.1	Flooring and stairs	2	20	2
10.1	Cleaning audits	2	24	2
10.2	Cleaning emergency response	2	20	2
11.1	85% PM completed	3	0	0
App 9	Audits	3	0	0
App 9	Report non-performance	3	0	0
	TOTAL	69	292	24

Category	Description	Points	Points per year	Equivalent Points per month
	Performance Deduction		US\$0	US\$0

Source: LTA

- 5.9.7 As indicated above, the LTA believes certain indicators pertaining to cleanliness, and hazard remediation (such as removal of blockages from fire escapes) to accompany the systems emergency response indicators as being among the more sensitive.
- 5.9.8 The result of the LTA’s Worst Case is that even in the event of improbable poor performance, the Concessionaire will only likely accrue 292 Noncompliance Points per year, equal to 24 per month. This scenario would result in no deductions for the Developer. However, the LTA does acknowledge that should the performance considered in the Worst Case be distributed unevenly across months in a year, deductions per month may breach the limit of 25 points. Assuming that in such a scenario, which can be considered the ‘Aggressive Worst Case’, breach of the 25-point limit occurs for three months of the year, total annual deductions for the given year may sum to USD 150,000 – USD 180,000, which equates to 0.6% of the Operating and Investment Cash Flow for the average year during the Project.
- 5.9.9 This analysis reinforces the LTA’s view that deductions due to poor performance are considered unlikely and not of material risk during the Operational phase of the Project.

6 ENVIRONMENT, PERMITS AND APPROVALS

6.1 Introduction

6.1.1 For the purpose of the review of the environmental matters, permits and approvals, the LTA has reviewed the Contract Documents, the Project Management Plan ('PMP') and O&M Services Plan dated 22nd June 2017 and the D&C Environmental Management Plan as of June 2017. The LTA acknowledges that all documents are subject to further development.

6.2 LTA Opinion and Key Issues

6.2.1 The LTA has reviewed the applicable environmental requirements within the contracts and finds them to be comprehensive and well defined. The LTA adds that a significant portion of applicable regulations will be presented within the Federal and State Laws, the Governmental Approvals, and the wider framework of Environmental Legislation. Based upon the experience of Ferrovial, Saunders and the main subcontractors, the LTA considers that they possess adequate experience for delivery to these requirements.

6.2.2 The process for submittal of the Government Approvals is well defined within the Contract Documents, and although it is understood different permits require different lead and processing times depending upon the relevant Government entity, the LTA is comforted that all necessary Approvals for the commencement of Construction are eligible for a Delay Event in the instance of postponed. The LTA is satisfied that the distribution of responsibility for preparation of the Approval documents between the Contractor and its subcontractors is suitable, and takes comfort from the steps being taken to ensure an efficient permit delivery process, such as early notification to the Building Department of package delivery dates.

6.2.3 To the best of the LTA's knowledge, there have not been any environmental issues nor any further environmental studies on the Great Hall since its construction. The LTA finds the Environmental Management Plans and supporting documentation to be thorough in their approach, although still under development. It is therefore considered that the Developer is well prepared and organised for the environmental obligations and covenants imposed by the Project.

6.2.4 A key consideration for the Project is that fact that the works will form interface with a number of Third Parties such as TSA, FAA, and the Airlines with whom responsibility for coordination lies with the Owner. The Airlines in particular are the only known entity with any doubts about the project, evident through a request of an extension to the PDA phase of the project. The LTA has been informed that this will not be granted and understand the risk of Third Party opposition to lie primarily with the Owner and that a suitable Affected Third Party Plan has been drafted by the Developer, as per the Technical Requirements, with the aim of alleviating opposition to the works through appropriate engagement facilitated by the Owner.

6.2.5 The Developer, the Owner and the Airlines are in continuous communication to analyse the project and reach satisfactory solutions for all parties.

6.2.6 Due to the very low Projected adverse environmental impact associated with the Project, the LTA has deemed it Category C under the Equator Principles. Further explanation of the reasons for the categorisation are given in 6.5.

6.2.7 Following the review of the Environmental, Permits and Approvals, the Key Issues are given in Table 6-1 below.

Table 6-1 Key Issues for Environmental, Permits and Approvals

Subject	Description of Risk	LTA Opinion
Project Permits	The LTA understands that different necessary Government Approvals for the D&C Work and the O&M Services will be borne by the Developer, the Contractor, the Subcontractors and the Concessionaires, resulting in a high spread of responsibility for permit acquisition across the parties.	<p>Most of the entities tasked with acquiring permits are experienced in the State and should be familiar with the permitting requirements. The Contractor has defined suitable proposals to ensure foresight of Approval requirements are accounted for, facilitated through regular meetings with the Building Department, with the aim of ensuring a more efficient review period for Approvals.</p> <p>Evidence is shown of appropriate engagement with the Building Department to ensure establishment of a working relationship with the Contractor.</p>
Contaminated Materials	In the event that Contaminated Materials must be dealt with by the Developer, the Owner has exclusive decision making Authority where the material must be deposited.	<p>The rare occurrence of contaminated material releases, combined with the low likelihood of additional cost to result from the selection of a depository for such a material means that the risk is low.</p> <p>The LTA also notes that the release of any Contaminated Materials by the Owner that occur after the Effective Date, are required to be reported to a Governmental Entity and render the use of the work site unsafe or in breach of law, is a Type 1 Compensation Event under the DA.</p>
Denver Airline Airport Committee	The stakeholder group has raised questions regarding the Project and has requested a 120-day extension of the DA to evaluate questions from Third Parties.	<p>The risk is being proactively managed by both the Owner and the Developer, whom will continue to liaise with the Committee in order to provide answers to their questions.</p> <p>The LTA is informed that the requested delay is not being contemplated, and that consent of the Committee is not required for the undertaking of the Project.</p>

Source: LTA Analysis

6.3 Environmental & Permit Requirements

Overview

- 6.3.1 Throughout the D&C Work the Developer is obligated to comply with all applicable Environmental Laws and perform all mitigation measures prescribed under the Contract Documents and Environmental Approvals. In performing the O&M Services, the Developer must operate in accordance with the applicable Environmental Laws, the DEN Environmental Management System and the City Green Building Requirement (DA 5.14). The Developer must also perform all mitigation measures required under the O&M Services Plan, the Environmental Management Plan, Good Industry Practice and all applicable provision within the Contract Documents (DA 7.2.4). For the entirety of the Project, the Developer must manage all Contaminated or Undesirable Materials in accordance with the applicable requirements, provided such materials are not generated on the Project Site by the Owner.

Requirements

6.3.2 As the Works are to be undertaken within the boundaries of the existing terminal, there is not any need for the development of a new Environmental Impact Statement (EIS). The existing EIS was produced for the building of the original terminal in 1995 and, provided that Environmental Laws have since evolved, the LTA understands that the findings and guidelines presented are predominantly superseded by the current applicable legislation. The existing framework of Environmental Law includes regulations regarding:

- The manufacture, processing, use, distribution, existence, treatment, storage, disposal, release, generation and transportation of Contaminated Materials;
- Air, soil, surface and subsurface strata, stream sediments, surface water, and groundwater;
- Protection of wildlife, endangered, threatened, and sensitive species, wetlands, water courses and water bodies, cultural, historical, archaeological, and paleontological resources and natural resources;
- The operation and closure of underground or aboveground storage tanks;
- Health and safety of employees and other persons with respect to Contaminated Materials; and
- Notification, documentation and record keeping requirements relating to the foregoing.

6.3.3 The complete list of specific applicable Environmental Laws is provided in Appendix 1 of the DA.

LEED Certification

6.3.4 In addition to the applicable Environmental Laws, the Developer is to achieve 34 LEED points for the Project as contemplated in the LEED Checklist (DA 5.12), and shall use its best endeavours to obtain Silver Certification. The LEED Checklist is currently under development by both the Owner and the Developer. For clarity, the above-mentioned City Green Building Requirement would normally require LEED Gold Certification (for a 'Major Refurbishment'), and is measured upon the principles of the LEED program and the Environmental Protection Agencies ENERGY STAR program. The LTA has been informed that the DA requirement is the final governing obligation for the Project.

Environmental Management Plan

6.3.5 The Developer is required to develop and submit for Owner approval the Project Environmental Management System ('EMP') as Annex 3E of the DA. This document provides the comprehensive framework for the delivery of all applicable environmental requirements under the Contract Documents and has been review by the LTA.

Governmental Approvals

6.3.6 All licenses, permits and necessary consents required for the undertaking of the D&C Works or O&M Services are deemed Governmental Approvals ('Approvals'). Unless such Approvals are to be obtained in the name of the Owner, for which the Owner shall behave as the conduit between the relevant Governmental Entity and the Developer, the responsibility for securing and upholding of all Governmental Approvals will remain with the Developer (DA 4.3). Other than those Government Approvals which the Developer is legally entitled to obtain, such as those relating to opening of the Concessions Spaces, all Approvals necessary for the D&C Contractor Work are borne by the Contractor(D&CC 7.3). A list of the identified Approvals necessary for Construction Commencement and the matrix of responsibility are shown below.

Table 6-2 Permits for Construction Commencement

Permit	Brief Description	Who obtains it?	When is it obtained?	Lead time to obtain it
General Construction Permit	Permit for all construction work not covered by the permits listed below	Contractor	Prior to commencement of work	40 Day after submittal of construction drawings to building department for review
Mechanical	All Mechanical work	Mechanical Subcontractor	Prior to commencement of work	Same
Plumbing	All Electrical work	Electrical Subcontractor	Prior to commencement of work	Same
Electrical	All Plumbing work	Plumbing Subcontractor	Prior to commencement of work	Same
Elevator/ Escalator	Elevator / Escalator installation and operation	Elevator/Escalator Subcontractor	Prior to commencement of work	Same
Fire Alarm	Fire Alarm installation and operation	Alarm system Subcontractor	Prior to commencement of work	Same
Fire Sprinkler	Fire Sprinkler installation and operation	Fire Sprinkler Subcontractor	Prior to commencement of work	Same
FAA 7460	Crane Operation	Contractor	Q2 2018	4 months

Source: Contractor

- 6.3.7 Only delay in issuance of Key Governmental Approvals by the relevant Governmental Entity beyond the respective Deadlines, to be added into the contract, will provide grounds for a Delay Event (DA Appendix 1). Key Governmental Approvals shall include two Approvals necessary from the TSA regarding support spaces and security lanes, FAA approval, Issued for Construction Documents Packages and their resubmittals (DA Appendix 23). The LTA understand that all the Approvals listed in Table 6-2 are those Approvals included within Issued for Construction Documents (DA, Appendix 23), with the exception of the FAA 7460 Permit, which is also a Key Governmental Approval. Therefore, all such Approvals necessary for Construction Commencement are applicable for a Delay Event in such case that the Building Official does not provide review, comment or approval within 45 days following the full and complete submission or 30 days following resubmission.
- 6.3.8 The LTA understands that the majority of Government Approvals will be issued through the Building Department whom is currently resourcing a team tasked with the process of the Approvals related to the Project.

Approvals for Readiness

- 6.3.9 The Contractor shall also be obliged to obtain all the Governmental Approvals necessary for commencement of the O&M Services (D&CC, 7.3) to the extent that it forms part of the D&C Contractor Work, including Approvals for the commencement of the work within the Concession Space White Boxes. The Governmental Approvals relating to the commencement of the finishing and fit out work for the Concession Spaces will lie with the Concessionaires (D&CC, Appendix 6, 1.1.2.). The Governmental Approvals for the operation of the Concession Space White Boxes with also lie with the Concessionaires. As such, of the Governmental Approvals necessary for Functional Area Readiness, obligation is split between the Contractor and the Concessionaires. The Developer must ensure that it assists in proper identification and assimilation of all necessary Governmental Approvals in order to achieve the Certificates of Functional Area Readiness (see Chapter 8 of this report).

Affected Third Parties

6.3.10 The Owner retains primary responsibility for the timely and proper coordination and consultation with all Affected Third Parties (namely the FAA, TSA and the Airlines). Despite not maintaining responsibility for communication with the Affected Third Parties, I.10.11 of the Technical Requirements states that the Developer must develop an Affected Third Party Plan. This Plan shall identify potential Affected Third Parties to the works and shall describe how the Developer will coordinate with the Owner in order to mitigate the work upon these Parties.

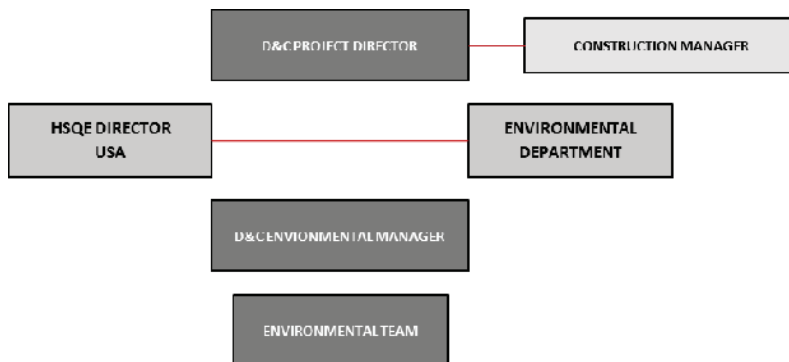
6.4 Consortium Proposals

Environmental Management Plan

D&C

6.4.1 The LTA has reviewed the draft copy of the D&C Environmental Management Plan which has been developed during the PDA Phase. The Environmental Project Management Plan (EPMP) establishes the process and protocols of the Contractor for achieving, monitoring and communicating compliance with the environmental requirements. The document falls in accordance with the ISO 14001 certified EMS and the DEN EMS. The document sets out the environmental policy, a general list of Project scope, a list of likely environmental aspects of the work and applicable DEN Environmental Guidelines, qualitative objectives, establishment of a D&C environmental organization, communication lines, all applicable environmental legislation, an overall plan of mitigative measures, environmentally considerate procurement strategies and plans for noise mitigation, dust control, indoor air quality, waste, emergencies, reporting and inspections. The proposed structure of the environmental coordination within the Contractor is shown in Figure 6-1.

Figure 6-1 Contractor Environmental Structure



Source: D&C Environmental Management Plan, June 2017

O&M

6.4.2 The EMP for the O&M period is included as part of the O&M Plan. As of the date of the report the plan only sets out the proposals for Emergency and Incident Reporting. This plan must be fully developed in preparation for the Submittal with the remainder of the Contract Documents, the deadline for which is 90 days following the issuance of NTP 2 (TRs, III.5) (See 8.4). The LTA notes the early establishment of a quality and environmental supervisor within the Developer company, and the transfer of the responsibility for this role to the O&M staff during the transition the O&M Phase, in line with the reduction in potential environmental impact due to the nature of the works.

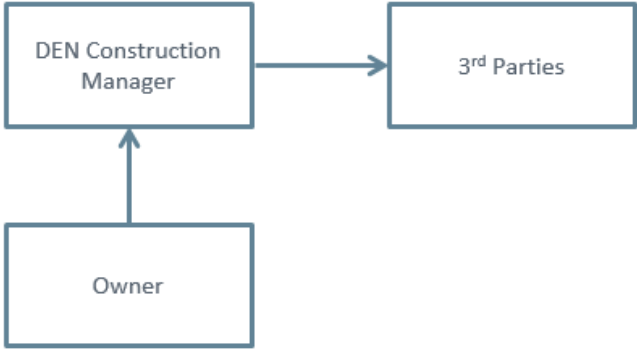
Governmental Approvals

- 6.4.3 The LTA has been informed that within the organisation the Contractor, excluding Approvals to be acquired by the Developer, permit responsibilities are assigned between the Contractor and each specialist subcontractor depending upon the scope of work for the particular Approval. The Contractor will be tasked with acquiring the building permit for the general construction and has set about its coordination plan in the Affected 3rd Parties Plan. The LTA notes that duties for leading liaison with the Building Department will be assigned to one of the key personnel within the Contractor and they will work closely from the team designated team on the part of the Building Department.
- 6.4.4 Individual subcontractors who will have to obtain Approvals for their specific scopes of work are Mechanical, Plumbing, Electrical, Elevator/Escalator, Fire Alarm, and Fire Sprinkler. The LTA notes the familiarity that each contractor, including Saunders, claims to have with the Building Department and understands that discussions are underway, with the facilitation of the Owner, to establish a working relationship and thereby try to increase the efficiency of the overall Approval process. The LTA notes that although the number of permits necessary for construction is not considered extensive, proper coordination and oversight must be adopted by the Contractor in assuring all parties are clear on their respective responsibilities and timeline for Approval acquisition.
- 6.4.5 The Contractor has informed that its Design Team will schedule regular review sessions with the Building Department liaison to ensure open sharing of information and updates on progress, as well as to provide early input on any necessary clarifications of the Building Code. Through advanced insight into the work necessary to ensure the necessary adjustments needed for approval from the Building Department, the Design Team will aim to improve the efficiency of the overall process and reduce the time for final review.

Affected Third Party Plan

- 6.4.6 The PMP includes, as per the Technical Requirements, an Affected 3rd Party Plan proposed by the Developer for the coordination and mitigation of the impacts of the work on stakeholders. The Plan establishes a process of liaison through the Owner for all 3rd parties, and the Developer will be responsible for communication with the Building Department. The main lines of communication throughout the works are shown below in Figure 6-2.

Figure 6-2 D&C 3rd Party Liaison



Source: Project Management Plan, 22nd June 2017

- 6.4.7 The plan outlines the system for identification of all 3rd parties (a comprehensive list is given e.g. City of Denver, TSA, Customers, Local Business, ground transportation suppliers), a timeline for engagement (60 days warning to Owner) and also a method for recording 3rd Party Commitments. The Plan does not yet include protocols for conflict resolution or formal establishment off a grievance procedure, but the LTA is informed that comments and complaints relating to the retail spaces shall be passed down to the Concessionaires. In addition, the

Developer will operate a project website and employ customer service staff tasked with responding to concerns from passengers and other stakeholders.

6.5 Equator Principles

The following review will measure compliance against the Equator Principles. The Principles are used for determining, assessing and managing social and environmental risk in Project finance for Projects with a total capital cost of USD 10m or more, and across all industry sectors.

Principle 1: Review and Categorization

In the opinion of the LTA, the Project falls into a 'Category C': "Projects with minimal or no adverse environmental risks or impacts". In accordance with this categorisation, the subsequent Equator Principles are not applicable. The LTA considers that the Project is compliant with the Equator Principles. The LTA supports this opinion with the following reasons.

- The Project comprises major refurbishment works within the footprint of the existing Denver Great Hall and does not require development of an Environmental Impact Statement;
- The Project is located in a high-income Organisation for Economic Cooperation and Development (OECD) country;
- No specific site conditions are acknowledged which warrant further environmental analysis;
- The LTA is informed that since construction of the original terminal, there have been no environmental issues on site, nor any reasons to undertake additional environmental studies;
- The Project is designed at improving the functionality, user experience and efficiency of the existing Great Hall, and therefore the overall social impact is considered positive;
- The works are being carried out under the direction of an existing, established DEN Environmental Management System, which the LTA has no reason to believe is non-compliant with any applicable Environmental Law or Regulation;
- The demolition works will not involve the removal of any hazardous substances such as asbestos;
- The Project will aspire to obtain LEED Silver Certification;
- The Project is being delivered by a team with significant experience in the compliance with international environmental regulations and has shown suitable evidence of its approach through the development of its Project Plans and related documents.

6.5.1 The LTA notes that all other 9 Principles relate to those Projects which are assigned a Category A or B rating.

7 DESIGN AND CONSTRUCTION REVIEW

7.1 Introduction

7.1.1 For the purpose of the review of the Design and Construction, the LTA has reviewed the Contract Documents including the Project Management Plan, the Quality Management Plan ('QMP'), the Health and Safety Plan, the Project Physical Plan, the D&C Contract, the Technical Requirements and associated Annexes.

7.2 LTA Opinion and Key Issues

7.2.1 The LTA is satisfied that the new concept will provide sufficient space for the required processing facilities. The LTA has reviewed the terminal floorplans and afore presented passenger flows and considers this is a logical and intuitive layout which should not result in constraints and bottlenecks. The LTA is comforted by the simulation studies that are performed of the passenger flows.

7.2.2 The LTA performed a high-level capacity assessment to verify the output of the simulations study and confirm the suitability of the facilities to process the stated capacity.

7.2.3 The LTA has reviewed the prevalent requirements for the D&C Works and finds them to be comprehensive and reflective of the Scope of the Project. The LTA is comforted by the fact that the requirements given the highest order of precedence (after Volume I, except appendices 3 and 22, as amended) are the Scope Documents, which are the product of design conceptualisation during the PDA Phase. Therefore, the risk that the Developer will fail to properly contemplate or deliver to the Scope of Works is considered lower than normal.

7.2.4 The LTA does note however, that the addition of several layers of Scope Documents may reduce the risk of misunderstanding in the proposed design solution. However, this is offset by contractual order of precedence to design documents in the DA and appropriate RFI and dispute resolution provisions within the DA. For example, although the Executive Design Review ('EDR') process contemplates a condensed window for the Owner to select its preferred design for some of the more iconic architectural elements of the Project, failure to reach a decision within the periods specified will give rise to a Compensation Event.

7.2.5 The process for design approval and Submittals appears clear and well defined. The LTA is satisfied that the Submittal dates for the Contractor provide adequate buffer in account of the necessary dates for the Developer to delivery packages to the Owner. The LTA understands the scope of the Concessionaires' fit out and interior design works are not subject to the Technical Design review process by the Owner.

7.2.6 The LTA is satisfied that the organisation of the Contractor combines international PPP experience through the shareholding of Ferrovial, with local and Denver Airport specific knowledge from Saunders. The structure and establishment of roles is well considered in light of the Scope, and those in key positions are deemed of suitable experience and competence to deliver the Project within the requirements.

7.2.7 The LTA has been given clear evidence of appropriate, logical steps to planning and assessing design risks, noting that the Design Team is approaching the 30% milestone ahead of Schedule.

7.2.8 The presented plans and documentation indicate rigour in the approach to Environmental, Quality and Health Safety aspects of the D&C Works.

7.2.9 The LTA considers the biggest constraint for the Construction of the Work to be the operational Airport environment in which the Contractor must coordinate its activities. This is reflected in the Contractor's proposals for construction management, works phasing and support administration.

Table 7-1 Key Issues

Subject	Description of Risk	LTA Opinion
Capacity	Incorrect sizing of facilities and floor areas could lead to the shortage of capacity to process 27.7 million annual passengers	The LTA performed an independent verification of the capacity of the key processing facilities and considers the provision in the Developer proposal sufficient. The LTA therefore does not consider risks in limiting capacity.
Passenger flows	Incorrect planning of facilities can reduce the capacity and disadvantage the passenger experience and potential spending in the commercial zone.	The LTA considers the passenger flows logical and does not see risks relating to bottlenecks or factors limiting the passenger experience.
EDR Design Disagreements	Time constrained window of opportunity to reach a design decision with the Owner on a number of the key architectural and aesthetic features of the work, upon some of which, Owner permission is a prerequisite to proceed with the design.	The risk is capped from the provisions in the DA for Owner Caused Delays (DA, 4.4.3) stating that in the event that the EDR is not given approval within the stated period.
Level 5.5 and CBRA Projects	The D&C Works will interface with two Projects within the terminal (see 7.5.6), the former of which must be completed by a set date to allow the Contractor to connect their Level 6 check in baggage module.	The LTA is comforted by the fact that the date for Completion of the Level 5.5 Project is guaranteed by the Owner, see Table 8-4. The LTA understands that Level 5 Floor Works require protection of the CBRA system conveyance on Level 4, but otherwise there is no significant interface and the risk for disruption from either project to the other is low.
Concession Space White Boxes	The Developer will subcontract all the FF&E, for the Concession Space White Boxes to the Concessionaire's. Their work is dependent upon proper completion of the Contractor scope with respect to the White Boxes (design, power connectivity, MEP etc.)	The LTA considers that the potential risk presented through interface on the work carried out in the Concession Spaces is mitigated through clear definition of the Scope of Works for the D&C Contractor in the D&C Contract and Annexes 2 and 6. The LTA also considers it unlikely that, even in the event of issues presented in the delivery of the White Boxes from both the Contractor and the Concessionaire, these extend beyond the first Phase of the Works.
Site constraints and Interfaces	There are a number of other constrained works activities taking place during the Construction Phase, as outlined in Table 7-6, during which careful planning and execution are necessary to successful delivery.	The LTA believes that up until this stage, the design and planning of the works has been undertaken in a manner that has accounted for different options to be taken into consideration, providing the Contractor with several reserve options for the execution of each constrained activity.

Source: LTA

7.3 Planning Concept Review

Owner Requirements

- 7.3.1 The Owner high level requirements on the planning are set out in section I.4 of the Technical Requirements document. This specifies for each functional area the requirements and purpose it serves. Further details are provided in annexes to the Technical Requirements, in particular the Scope Documents. These documents are

developed together with the Developer during the Pre-Development Agreement phase and the subsequent proposals of the Developer therefore reflect the defined requirements.

Proposed Planning Concept

- 7.3.2 The Developer proposes the concept for level 5 and level 6 as set out below. In order to create space for a large new commercial zone on level 5, the current Transport Security Administration (TSA) Security is moved to level 6. The check-in will be rearranged partly on an extended floor slab of level 6, to accommodate sufficient check-in desks.
- 7.3.3 An overview of the current and new layout on level 5 and 6 is shown on the following page. It indicates the new TSA area on level 6 (1), the rearranged check-in area on level 6 (2), the airside commercial zone (3) and the landside meeters and greeters zone (4). All check-in is on level 6 at the moment (5), the TSA security is currently on level 5 (6).

Figure 7-1 Existing and Future level 6 Layout

Existing Layout

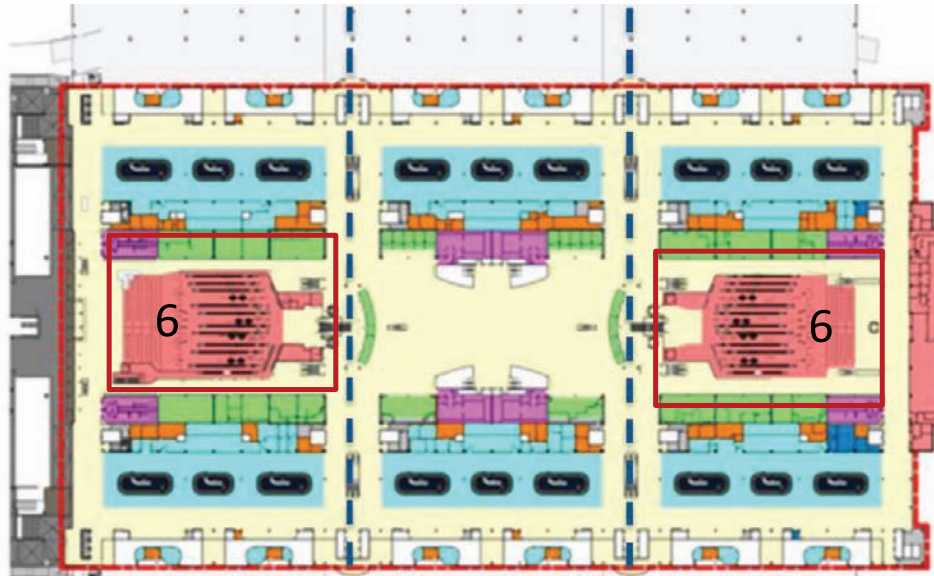


Future Layout



Figure 7-2 Existing and Future Level 5 Layout

Existing Layout



Future Layout



7.3.4 The key processing facilities provided in the new concept are as follows:

Table 7-2 Facilities Overview

Element	Future Provision	Current
Check-in	<ul style="list-style-type: none"> • 176 check-in regular desks • 216 Self Service kiosks • 12 curbside desks 	<ul style="list-style-type: none"> • 225 check-in desks
Security	34 lanes	30 lanes
Baggage handling (domestic)	18 carrouseles (layout unchanged)	18 carrouseles

Source: Developer

LTA Opinion on Planning Concept

7.3.5 The LTA is satisfied that the new concept will provide sufficient space for the required processing facilities as set out in the table above.

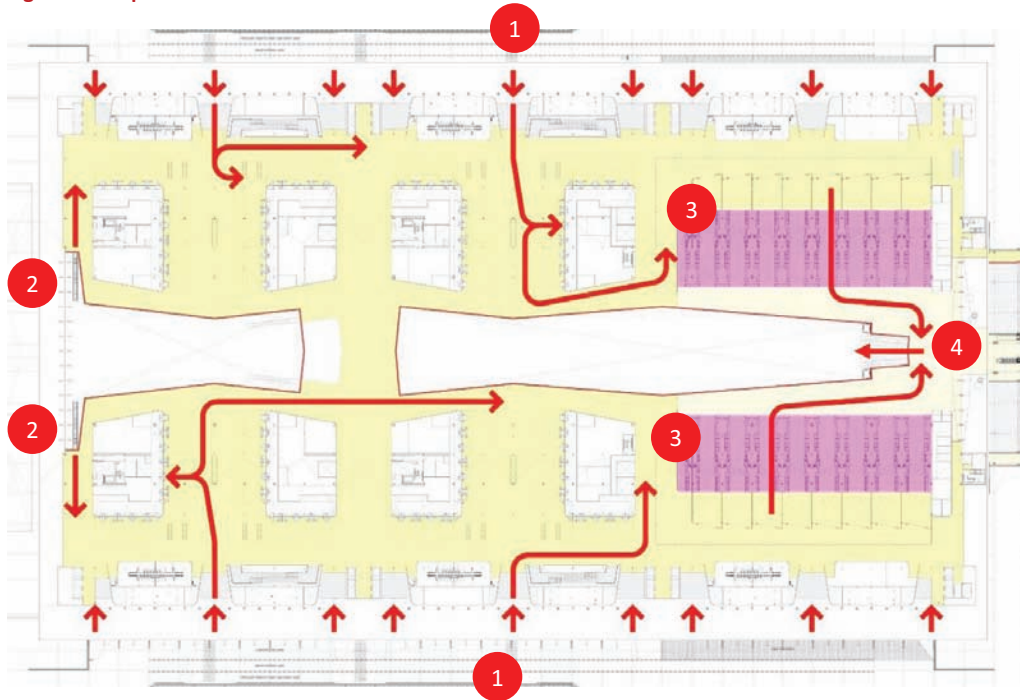
7.3.6 The LTA considers it an improvement to the efficiency, and therefore capacity, to consolidate the TSA security in one area, rather than three different security locations as at present. It is noted however that security is still split between the east and west side and that it is not logical for passengers to switch between these two sides as the connecting bridge is away from security. This reduces security efficiency slightly as due to different peaks of airlines with check-in locations either east or west, it might be busy on one side while underutilised on the other. This is partly mitigated by the plan to install live signage to inform passengers about queue times at each end, as done in other airports with split security such as London Heathrow.

Proposed Passenger Flows

7.3.7 Departing domestic and International passengers are combined as shown in the figure below (and indicated in red). Passengers enter from level 6 curbside (1), or level 5 train station/car park to take escalators/lifts to the check-in area on level 6 (2).

7.3.8 After check-in, passengers move to the TSA security zone in the north side of level 6 (3). A boarding pass check at the beginning of the queueing area marks the passengers only zone. There are 17 security lanes on each side. The passengers from both east and west then merge (4) to decent to level 5 commercial zone and the AGTS to the concourses, or take the walking bridge straight to concourse A.

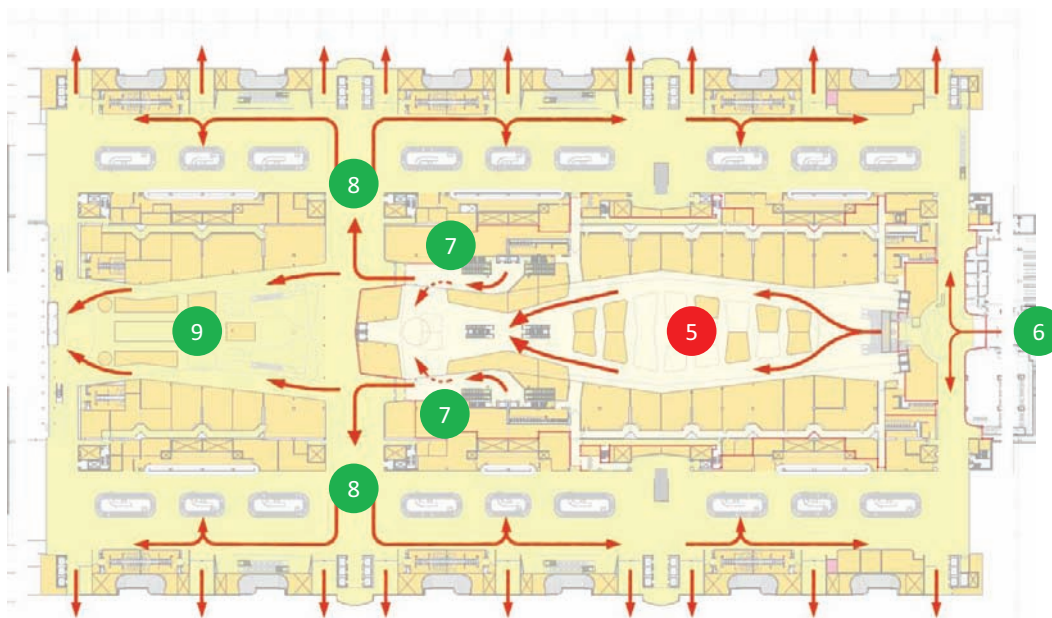
Figure 7-3 Departure Flow Level 6



Source: Developer

7.3.9 On level 5, passengers flow via the commercial zone to the escalators/lifts to the AGTS on level 4 to go to the concourses (5).

Figure 7-4 Level 5 Passenger Flow



Source: Developer

7.3.10 International arrivals passengers (6) arrive on level 5 on the north side via the AOB in the Great Hall to go to the baggage reclaim hall.

7.3.11 Domestic passengers arrive via the AGTS and flow via a corridor to the meeters and greeter zone. From there they can go to the baggage reclaim hall (8) and onwards to the car park or exit via the south to the train station (9).

LTA Opinion on Traffic Flows

7.3.12 The LTA has reviewed the terminal floorplans and afore presented passenger flows and considers this is a logical and intuitive layout which should not result in constraints and bottlenecks.

7.3.13 It is noted that all departing passengers congregate in the junction between the AOB and the escalators down to the Level 5 commercial zone. However, simulations of passenger flows, as further discussed in the subsequent section indicate sufficient throughput capacity.

7.3.14 Arriving passengers exiting the AGTS on Level 5 can proceed straight to the new meeters and greeters hall, or can turn back into the departures area. It was confirmed to the LTA that the intuitive path of the passenger is to go straight ahead and only if passengers want to go back in the commercial zone for shopping they can do so through a door. Should this concept not work, the door can be closed.

Great Hall Passenger Capacity

Owner Requirements

7.3.15 The Great Hall is used for all O&D passengers at Denver Airport. The DA specifies that any new terminal development before the passenger level of 27.7 million annual O&D passengers is reached, leads to a compensation event.

7.3.16 The Great Hall therefore should be capable of handling 27.7 million annual O&D passengers, and it’s equivalent peak hours.

Developer Proposal

7.3.17 In order to confirm the sufficiency of the capacity provided by the new facilities check-in, TSA Security and AGTS, an independent consultant, TransSolutions, performed a capacity simulation study for the Developer.

7.3.18 TransSolutions developed three daily schedules for an average day in the peak month in the years 2020, 2030 and 2040 and derived from those the associated (rolling) peak hour passenger flows.

7.3.19 The provisions for the key facilities in the new terminal layout were then simulated by applying the assumptions as set out in the table below.

Table 7-3 Key Capacity simulation assumptions

Element	TransSolutions Assumption	LTA Opinion
Bags per passenger	Range from 0.26 on American to 1.14 on Southwest	Based on historic data, considered adequate
Check-in processing time	Range from 1 min on United to 2min for international (improving over time)	Adequate, within expected range
Check-in waiting time	<ul style="list-style-type: none"> Kiosk: 95% waits less than 2min Bag drop: 95% waits less than 5min Regular counter: 95% waits less than 10min 	Adequate, LTA notes this is in line with optimum design standards (per IATA standards)

Element	TransSolutions Assumption	LTA Opinion
Security	Up to 40% uses pre-check lanes by the end of the forecast	Considered reasonable, although there is a higher level of uncertainty to this materialising. Risk mitigated by the sufficiency of capacity compared to demand required for 27.7 million annual passengers. (shown in LTA analysis below)
Security processing time – regular line	<ul style="list-style-type: none"> 18 sec per passenger in 2020 15 sec per passenger in 2040 	Adequate, LTA verified similar processing times during current operation
Security processing time – pre-check line	<ul style="list-style-type: none"> 12 sec per passenger in 2020 8.8 sec per passenger in 2040 	2040 considered quick, however achievable compared to industry best practice
AGTS Trains	<ul style="list-style-type: none"> 8 trains throughout forecast Cars per train increase 4 to 6 Pax per car 50-60 	Adequate. No extraordinary improvements assumed.
Waiting and circulation space standards	<ul style="list-style-type: none"> IATA Optimum (LOS C) 14 sq ft per passenger for check-in 10.8 sq ft per passenger for security 16.2 sq ft per passenger for AGTS 	Adequate, LTA notes this is in line with optimum design standards (per IATA standards)

Source: TransSolutions

7.3.20 The key conclusion from the TransSolutions simulation modelling with the above parameters, is that according to the International Air Transport Association (IATA) scale (the standard international measure for terminal service quality), Optimum Level of Service is still provided in 2040, with a peak hour flow of 9,900 passengers.

7.3.21 This is a more onerous test, as the peak hour relating to the maximum contractual traffic in the terminal (27.7 million annual passengers), is forecast to be around 7,200.

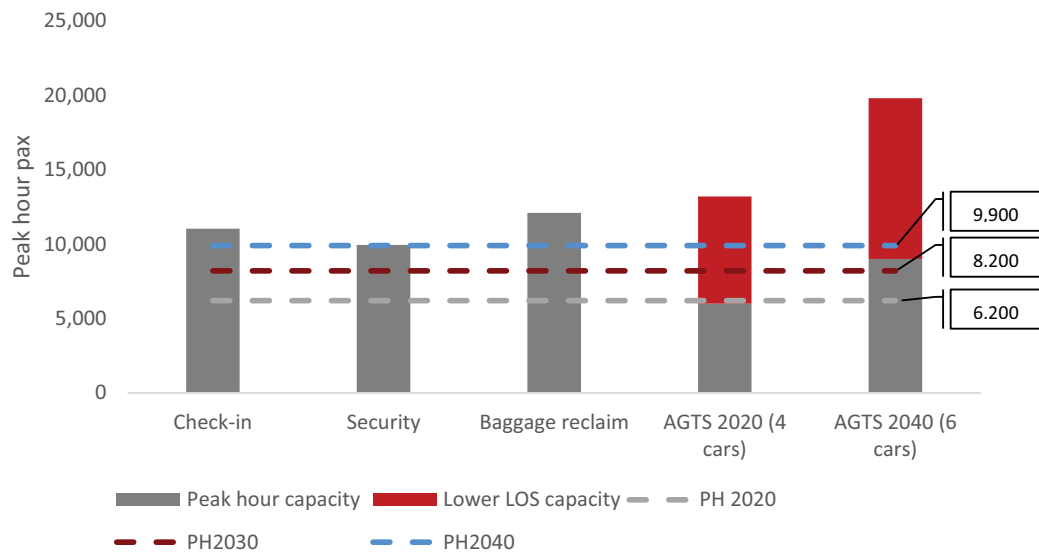
LTA Capacity Analysis

7.3.22 The LTA performed a high level capacity assessment to verify the output of the simulations study and confirm the suitability of the facilities to process the stated capacity.

7.3.23 Slightly more onerous processing times to test the constraints of the terminal are applied, and the waiting time standards relating to IATA Optimum Level of Service. The results are shown below and indicate sufficient capacity is available to process the number of passengers until 2040.

7.3.24 The chart indicates the peak hour capacity for each individual system as assessed by the LTA (grey). As in the simulation study, the AGTS capacity improves if 20% more passengers per car are allowed (60 instead of 50), which slightly reduces LOS as indicated by the red areas. This is compared to the corresponding peak hours for the design years traffic forecast in 2020, 2030 and 2040.

Figure 7-5 Capacity confirmation



Source: LTA Analysis

- 7.3.25 The capacities above are adjusted downwards for fixed desks/reclaim carrousel for Airlines. LTA considers that with the same facilities, capacity can be improved if common use is applied at the airport. The check-in and baggage facilities can then be split among the airlines in line with hourly demand and improve the utilisation of the facilities.
- 7.3.26 Overall, as the chart above indicates, the LTA considers that the provision in the Great Hall is robust enough to support traffic growth beyond the 27.7 million O&D passengers.
- 7.3.27 The simulation study with the parameters as above tested actual traffic flow through the terminal based on the forecast schedules. This has verified space provisions for security waiting area are sufficient to cover peak hour demand. The LTA analysis confirms the output of the simulation study is in the right order.

7.4 Scope of the D&C Works

Overview

The scope of the D&C Work within the Project is set out in Appendix 1 of the Technical Requirements to the DA and encompasses the following:

Table 7-4 Summary Scope of D&C Works

Area	Description	Key Items
Create New Security Screening Checkpoints (FA's 7, 8 & 11)	<ul style="list-style-type: none"> • Complete work necessary to host TSA areas in Level 6, including support and ops areas, allowing for removal of existing TSA areas in Level 5. TSA support spaces and Public circulation space are to be move-in ready. 	<ul style="list-style-type: none"> • Provide for power, connectivity and coordination with Owner for installation of TSA equipment. • Provide an escalator between 5 and 6. • Access and egress provisions for DPD, emergency services and employees.

Area	Description	Key Items
Reconfigure Airline Areas on Level 6 (FA's 3, 4, 5 and 6)	Complete work necessary to host Airline exclusive and share use spaces, bag drop, queueing space flexibility etc. Airline areas are to be move-in ready.	<ul style="list-style-type: none"> All conduits and wiring for power and data (excluding airline software) necessary to operate kiosks. Display monitors (excl. video walls) for counter positions and for airline branding. Required spaces for ticketing offices, core airport operations and TSA 'pet shop'.
AOB Corridor Expansion (FA 11)	Build an expansion to Level 6 along the AOB corridor between Terminal and AOB including secured and non-secured access to AOB lobby. TSA and Public spaces are to be move in ready, with the exclusion of the CBP offices.	<ul style="list-style-type: none"> Two escalators between 5 and 6 and a moving walkway on Level 6. MEP rough in for locker room facilities within the gym pace. Provision of Concessions Space on Level 5. TSA break room and Remote Viewing room to be move in ready. Temporary crane to assist with movement of mechanical elements over the tent roof.
Core Airport Operations (DEN Operational Areas and Core Support Functions)	Across the Project, the Developer shall make provision for appropriate support and functional spaces for Airport Operations.	<ul style="list-style-type: none"> Operational and office space for airport operation and administration staff should be move in ready. Leasable spaces to be move in ready, with any specialised equipment to be provided by Owner or tenant. Airport services including chapel rooms, parking booth and customer service areas, all move in ready.
Optimize Curbside Passenger Arrival Experience (FA 1 and 2)	Developer shall provide additional curb, a median on both east and west Level 6 and shall reconfigure the drive lanes.	<ul style="list-style-type: none"> New exposed metal deck canopies above additional curb. Maintenance and protection of existing vehicle barriers. New exterior curtain wall and entrances on Level 6.
Redevelop and Reconfigure the Concessions Space and Public Circulation Space	Provision of all Public Circulation Space, Airside Plaza, Landside Plaza, and International Arrival Plaza.	<ul style="list-style-type: none"> Customer amenities including seating and power access, trash and recycling, charging stations, water fountains, pay phones, smart cart locations, ATM locations and data etc. Installation of FIDS and BIDS and testing with assistance from the Owner. Vertical circulation to AGTS platform on Level 4 and from Level 5 in several locations. Ensure integrity of AGTS system current capacity. Construction of supporting frame for new Level 6 floor extension. Modification to shear bracing on Level 5 to accommodate an A frame design.
Develop Goods and Materials Screening (FA 18)	The provision of the Goods Delivery Screening area on Level 4 for items being sold in the airport.	<ul style="list-style-type: none"> Security screening equipment for goods delivery room. All planned uses of loading dock to be coordinated through the Owner.
Relocate the Central Monitoring Facility (FA 19)	Relocation of existing CMF facility from Level 6 to Level 3.	<ul style="list-style-type: none"> Transferral of necessary cables and conduits using cable tray. All millwork and finishes so that the CMF is move in ready. Watertight roof system for facility.

Area	Description	Key Items
AGTS and Platform Modifications (FA's 15, 16 and 17)	Construction of new vertical circulation on AGTS Platform in Level 4.	<ul style="list-style-type: none"> Construction of new vertical circulation pits on operating platform (confined work space) with access via stair tower. Preservation of existing platform structure. Prior to stair tower construction, coordination with DEN for Construction access through the TSA checkpoints and down existing stairwell.
Refresh Baggage Claim Areas (FA's 21 and 22)	Refresh of floor, walls, ceiling and lights. All areas are to be move in ready. Excludes baggage claim system.	<ul style="list-style-type: none"> All spaces are to be move in ready including millwork. D&C Work to be coordinated with Level 5.5 Project through the Owner. This area must be maintained for public occupancy during hours of Airline operation.
Develop and Implement Unique Customer Experience Elements	Several specially located Unique Customer Experience Elements to be supplied by a specialist subcontractor. These only need to be completed for the Project Substantial Completion Date.	<ul style="list-style-type: none"> Installation of two 'Media' escalators in Airside Plaza. Media Wall. Overhead cloud feature. Interactive Kids area 1 on Landside Plaza. Iconic Sphere and Interactive Floor.
Modifications to the South Vestibule (FA 12)	Developer shall upgrade the existing South Vestibule.	<ul style="list-style-type: none"> Three new pairs of doors and over door heaters.
Modifications to Terminal water Service Utility	Design and construction of an additional 6" domestic water service line from the service line main provider to the terminal distribution pump room.	<ul style="list-style-type: none"> Pumps to be brought across airfield and then up to Level 4 using CNG vehicles.
Media Broadcast Locations	Design and construction of location within the public area of the terminal for media outlets.	<ul style="list-style-type: none"> All necessary power outlets and data connections

Source: Appendix 1-A, Technical Requirements.

7.4.1 In addition to the area specific works, the Developer is to include the following features and facilities as Project-wide scope items:

- Defined circulation and path of travel;
- Clear, intuitive signage and wayfinding (including dynamic signage);
- Tornado Shelters (restrooms with window less interiors);
- Integration of existing art and exhibits;
- Audio, visual, acoustic, noise and vibration systems.
- Aesthetics and finishes;
- Building systems (HVAC, Life Safety, Building Management, Plumbing, Lighting, Electrical Door Hardware etc.);

- Provision for integration of Airport Special Systems by the Owner (Baggage handling, Flight Information Display Systems ('FIDS') & Baggage Information Display Systems ('BIDS'), security surveillance, Access Control, TV distributions, network monitoring systems, emergency communication systems, radio frequency distribution systems, power and data for pay phones, etc.);
- IT and low voltage systems;
- Advertising (to be mutually agreed with the Owner).

7.5 Design

Introduction

7.5.1 The Developer will pass down DA responsibilities for the D&C Work (other than the Excluded Work thereunder) to the D&C Contractor through the D&C Contract. The D&C Contract makes references to the Scope of Work, as defined in the Contract Documents. The D&C Contractor will be responsible for all architecture, engineering and design of the work contemplated by the Project, except for the Excluded Work (D&CC, 3.1) which accounts for finishes, MEP and FF&E work in the concession spaces, O&M Work after Concession Space Readiness and other work not expressly contemplated in the D&C Contract.

Owner Requirements

Existing Documentation

- 7.5.2 The Owner is responsible for providing the Baseline Structural Study and Baseline Utility Study. The LTA understands that the Baseline documents reflect the current condition of all structural and utility systems on which the design is based. Any deviation in the actual condition of the Terminal in relation to these two studies will provide grounds for a Type 1 Compensation Event (discovery of unknown structural conditions or discovery of unknown utilities), provided the deviations result in material impact to the Works.
- 7.5.3 The Owner has provided, in addition, a set of Reference Documents as Appendix 26 to the DA. These include as-built drawings, element specific manuals and recognised industry publications. The LTA notes that the Owner does not represent or warrant the accuracy of these documents (DA, 1.6).

Design Requirements

- 7.5.4 The Contractor shall perform all work in line with Good Industry Practice, the requirements and terms set forth in the Contract Documents, the Design Documents, the Construction Documents and the D&C Contract. The DA sets forth the order of precedence in the instance that there are conflicts between the different Contract Documents.
- 7.5.5 For the Contractor, of the applicable requirements those carrying the highest order precedence are the Scope Documents (preceded by Amendments to these documents only), followed by the Technical Requirements. The Scope Documents have been developed between the Developer and the Owner from the PDA Phase of the Project in parallel with the progression of the overall design solution. The Scope Documents are attached as Appendix 1 of the Technical Requirements and the structure is as follows:
- **Appendix 1-A:** Description of the D&C Work (lower order of precedence than 1-B and 1-C);
 - **Appendix 1-B:** Extract of the Physical Project Plan, including the full Basis of Design Report;
 - **Appendix 1-C:** Basis of estimate, which includes clarifications on what is included in the scope and hence forms the pricing assumptions.

7.5.6 The Scope Documents provide an overview of the design solution, and are supplemented by the DEN Design Standard Manuals (developed for DEN as a certified building guideline for all terminal works), Construction Specifications (detailed design specifications and instructions for all object types within the project) and other ancillary documents such as comment logs and procedural manuals.

Table 7-5 Main Design Scope by Discipline

Architectural	Structural	Building Systems
User Experience	Level 6 Floor Extension	HVAC Systems
Detailed Spatial Organisations	South Bridge Framing	Energy Management Control Systems (EMCS)
Materials	North Bridge Framing	Tenant Building Management System (BMS)
Vertical & Horizontal Circulation	Level 4 and Level 5 Vertical Circulation	Plumbing Systems
Terminal Services	North Terminal Roof	Electrical Systems
Public Space	Infills and Openings	Fire Detection and Alarm Systems
Restrooms	Braced Frame Alterations	Smoke Control Systems
Life & Safety Measures		Information Technology / Low Voltage Systems
Art		

Source: Appendix 1, Technical Requirements.

Quality Requirements

7.5.7 The Technical Requirements include requirements for the Quality Management Plan (TR 10.8.5). These include formalisation of a Quality Organisation, integration of a quality policy, and implementation of Quality Assurance ('QA') and Quality Control ('QC') management. The Developer is required to assign a Design Quality Manager as one of the Key Personnel. Key Personnel are roles of importance within the Developer organisation for which the DA provides specific criteria for experience and capability (see 2.4.12). This person will have QA responsibilities relating to independent design checks, tests and reviews, as well as performance of reporting non-conformance with Contract documents. In addition, the Design Standard Manuals and Construction Specifications stipulate the specific verification and validation processes to be implemented by the Contractor.

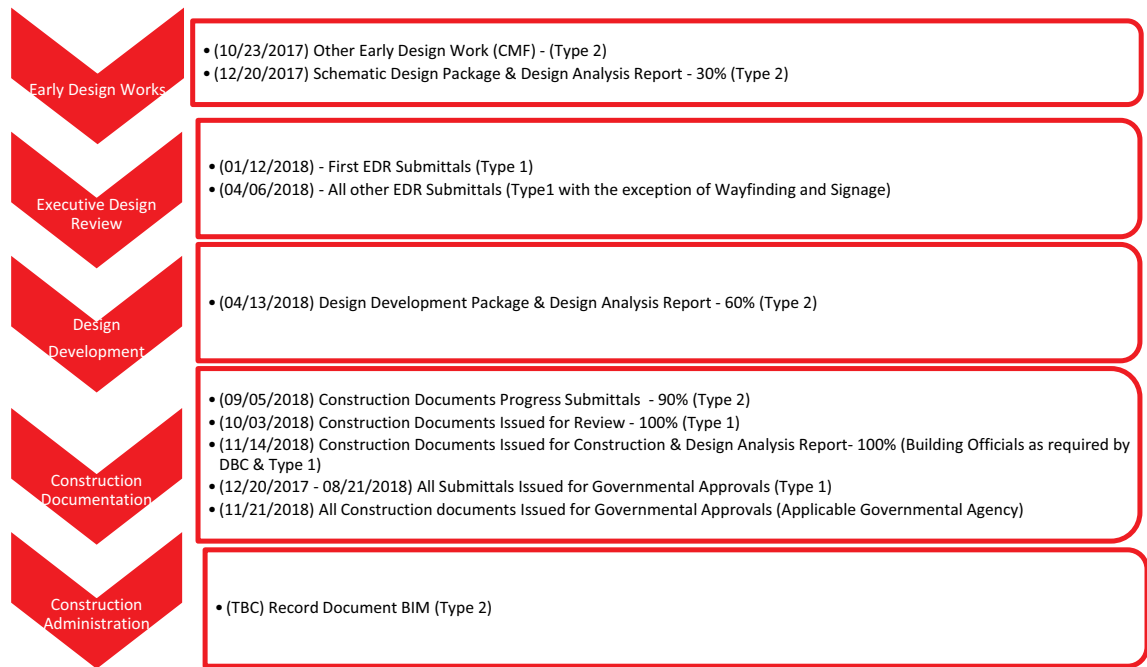
Design Process

7.5.8 As part of the design approval process, the Developer must deliver Submittals (DA, 4.4) (work products required under the Contract Documents) in accordance with the Technical Requirements (1.8.3). Annex 7 of the D&C Contract states that the Contractor must be responsible for all submittals related to the D&C Work. Submittals are categorised as the following

- **Submittals Type 1:** means those Submittals in respect of which the Developer cannot proceed without the Owner's prior and written approval.
- **Submittals Type 2:** means those Submittals in respect of which the Developer may proceed at its election and risk without the Owner's prior approval.

7.5.9 There are five main phases of Submittals presented within the Technical Requirements for submission of design works, as shown in Figure 7-6.

Figure 7-6 Design Submittal Process



Source: I.8.3, Technical Requirements & Baseline Construction Schedule

- 7.5.10 The Early Work Phase is from the Effective Date until the Financial Close Date, during which the Owner will make monthly progress payments to the Developer, for the development of the Early Design Works (in this instance the CMF Design, vertical circulation procurement packages, Phase 1 demolition plans and the Cost Loaded Project Schedule) up to a maximum amount of USD 28,000,000 (DA, 2.3).
- 7.5.11 The Executive Design Review Process precedes the Design Development Submittal and allows for input from the Owner’s leadership team on each certain architectural and finish elements of interest to the Owner (EDR Areas) defined in I.8.3.2 of the TR’s. Dates for the initiation of the 15-day consultation process with the Owner will for the EDR Areas (such as wayfinding, iconic signage and ticketing equipment packages) will coincide with the Submittal of the Early Design Works. The second EDR process for the 19 remaining packages (such as tent mast wraps, AOB Corridor, Customer Experience Elements) will commence 4 weeks in anticipation of the Design Development Submittal. Failure by the Owner to provide approval of the EDR elements within 15 days² will constitute an Owner-Caused Delay (DA, Appendix 1).
- 7.5.12 All other Design Submittal milestones other than those for the Executive Design Review are known as the Technical Design Review Submittals. This process is also designed to promote coordination between the Owner and Developer in the progression of the Design Work. Participation is required by Architects of Record and Engineers of Record from within the Developer. The process also includes for the certification role of the Design Quality Manger to ensure conformity with the Contract Documents, Weekly Technical Design Review Meetings with the Owner and systems for the address the Owner Feedback.

Developer Design Solution

Subcontracting

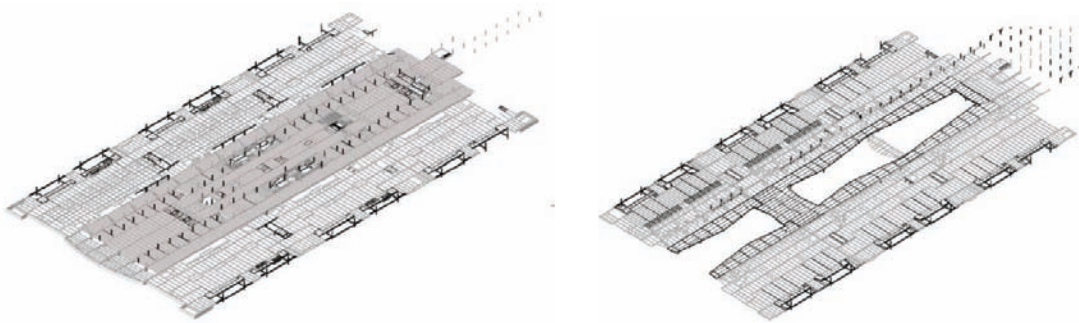
² Or 32 days for FA 11 – Curb appearance, Canopy and Median.

7.5.13 The Developer will subcontract the Design Work to the Contractor and will pass down, on a back-to-back basis, all responsibilities associated with the delivery of the D&C Contractor Work (D&CC, 4.3). The Contractor has formed its organisation and has been progressing with the design, as developed from the PDA Phase of the Project. The Contractor is sharing design responsibility with its Key Subcontractors, together the 'Design Team', as presented in Table 2-2 in order to supplement the international experience of the majority shareholders with parties accustomed to working within the region. The LTA considers that several of these parties, such as Swanson Rink, possess noteworthy local experience including previous contracts on the Airport itself.

Design Progress

7.5.14 The LTA understands that, despite the Effective Date being denoted as the prerequisite for the commencement of the Early Design Work (DA, 2.3.1.1), the Design Team is approaching the completion of these first packages. Thus far, the Design Team has utilised the PDA phase to undertake a full due diligence of the MEP, Architecture and Structures within the existing terminal. The Owner has also supplied a full Building Information Model (BIM) to assist with the design process. The Contractor has redeveloped this model from scratch in order to guarantee its resolution and to identify any inaccuracies prior to Submittal, as shown in Figure 7-6.

Figure 7-7 Developer's Existing BIM Model



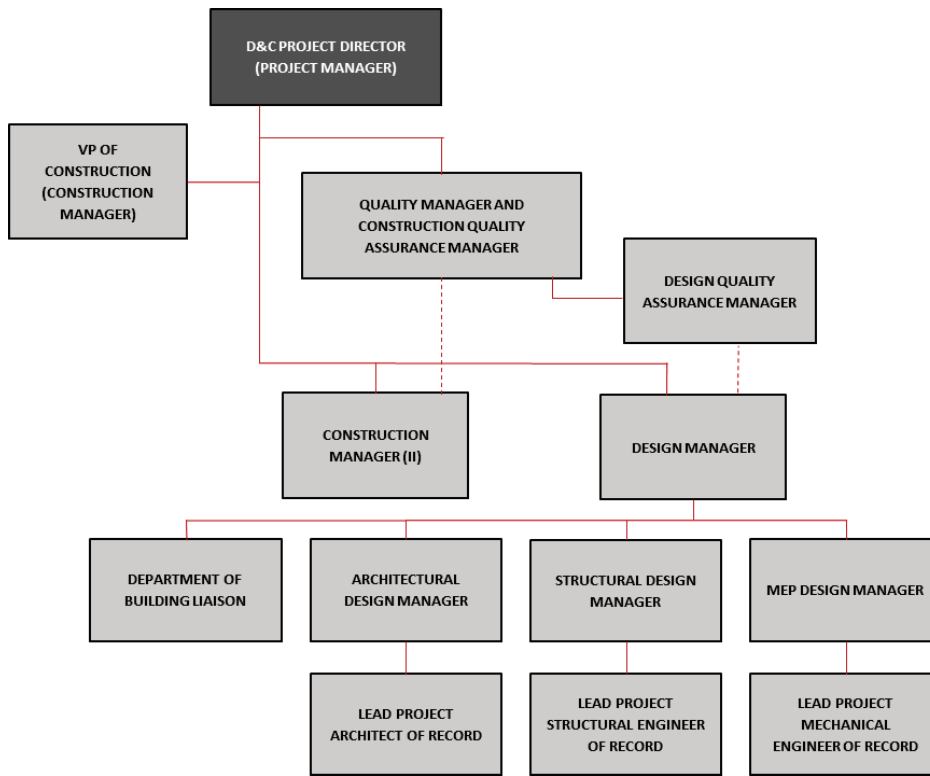
Source: The Developer

7.5.15 The LTA is informed that the Design Team is using an integrated design approach for all systems, MEP and structures, as is the standard design method supported through implementing BIM technology.

Quality

7.5.16 The LTA can verify the formalisation of the Quality Manager role within Contractor, shown in Figure 7-8, as well as within the proposed Developer organisation.

Figure 7-8 Proposed Contractor Organisation



Source: Developer

7.5.17 The QMP for the D&C is at a substantial level of completion and includes a Design Quality Management Plan, which considers the following:

- Organisation and personnel within the Contractor Design Team;
- Approach to procurement of Design Consultants;
- Coordination and Interfaces;
- An overview of procedures;
- QA and QC.

7.5.18 The LTA finds the DQMP to be generally clear, well-structured and useable, serving the purpose for which has been written.

Submittals

7.5.19 Within the QMP, the procedures for preparation, evaluation and delivery of Submittals are described in the Process Procedure Manual ('PPM'). The document describes the internal process as being fronted by the Construction Team who will provide the first review before issuing to the Construction Design Team and D&Q Quality Manager, giving all parties the opportunity to validate shop drawings, test reports and such like, before transferral to the Design Manager or Construction Design Manager, and finally, to the Design Consultant is necessary.

7.5.20 Of those Submittals approved by the Contractor for issue to the Developer, Annex 7 of the D&C Contract also specifies which Submittals will be subject to further reviews from the Developer prior to delivery to the Owner. This list includes as a minimum all Plan Reviews (TRs, I.10) within the Contractor's remit, and all Technical Design Certain EDR Area Submittals will be subject to a review by the Developer prior to delivery to the Owner, as well as all Technical Design Review Submittals. The dates for delivery of Submittals to the Developer within Annex 7 of the D&C Contract include between 1, 3 or 10 days' buffer on the dates included in the Schedule, depending on the scope of the Developer's review for the specific design package.

7.6 Construction

Owner Requirements

Construction Work Area

7.6.1 The Construction Limits to be set out in the Project Site Model (DA, Appendix 4A), and the Construction Limits are to be submitted by the Developer as part of the Transition and Phasing Plan. Article I.2 of the TR's state that the Developer must perform all Construction Work within the Construction Limits, provided staging and hauling may be undertaken in an Ancillary Site. The Developer is required to secure and enclose each Construction Work Area, as well as ensuring adjacent public spaces are clean and safe for public access.

7.6.2 The Technical Requirements also make clear specification for the condition of the Turnover of the Construction Work Area from the Owner to the Developer, and the condition of Handback from the Developer, as well as provision of access the Owner to carry out the TSA Work within the applicable dates (see Table 8-4).

Airport Operations and Security

7.6.3 Article I.5 of the Technical Requirements details the provisions upon which the Developer must plan and undertake all D&C Work in relation to the Core Airport Operations and Airport Security. These included instructions for obtainment of security clearances for Developer staff, procedures for application for Shutdowns in the instance that interruption to Core Airport Operations cannot be avoided and the protocols for cooperation in Irregular or Special Events (bad weather, power outages, commercial events).

7.6.4 During the planning and execution of the D&C Work, the Developer shall take into consideration the following:

- Airline operations in Terminal;
- FAA operations;
- TSA operations;
- Airport Specialty System interfaces; and
- City and County of Denver operations.

7.6.5 Developer shall coordinate with the Owner prior to the execution of any Work that would impact one of the above-listed aspects of the Core Airport Operations.

Other Projects

7.6.6 During the D&C Phase of the Project, there are two other Projects of note that are being carried out within the terminal:

- **Level 5.5 Project:** A project to provide a baggage handling system between the ticket counters on Level 6 and the screening systems in each Terminal module on Levels 3 and 4, to enable security screening to be relocated to Level 6 of module 1. The Completion Deadline for this Project is to be included within the Project Schedule as a Key Turnover Date (see Table 8-4). Failure on the part of the Owner to adhere to the Deadline is a Type 1 Compensation Event. Article I.6 of the TRs requires the Developer to formally identify any tasks in the Project Schedule that are linked with the completion of this Project.
- **CBRA Project:** A project to construct two standard bag CBRA rooms and two oversized bag CBRA rooms on Levels 3 and 4 of the Terminal and a baggage handling system that interconnects all of the Terminal modules to replace the nine CBRA rooms existing as of the Effective Date that are used by TSA to reconcile suspect bags that are checked prior to delivery to the Airlines. TRs requires the Developer to formally identify any tasks in the Project Schedule that are linked with the completion of this Project. This Project is categorised as an Adjacent Project (Appendix 6A, DA), which requires the Developer to perform and coordinate its Work so as to mitigate interference with such projects and Airport Operations (DA, 3.4). Should the Adjacent Project materially interfere with the Developers Work, it shall trigger a Type 1 Compensation Event.

Demolition and Waste

7.6.7 Article I.9.6 set out the TRs sets out the additional Owner requirements related to Health, Safety and Environmental Management. Division 2 of the technical Specifications sets out the procedures for demolition activities. During the D&C Works, and Developer shall manage and dispose of all such waste created from demolition and other Work in compliance with all applicable laws and regulations, including any City rule or ordinance related to considerations such as

- Waste and borrow areas;
- Disposal of waste material;
- disposal of hazardous waste.

7.6.8 The Developer shall be responsible for evaluating potential construction noise, dust and traffic impacts and for developing and implementing necessary impact mitigation measures.

Construction Quality

7.6.9 In keeping with the QMP requirements presented in 7.5.7, the Developer is required to appoint a Construction Quality Manager ('CQM') as one of the Key Personnel. This person shall report to the D&C Quality Manager and his or her responsibilities shall be independent of the Construction Work. The Developer must submit a Construction Quality Management Plan ('CQMP') for the Construction Work, as a supporting document to the D&C QMP. The CQM will have primary responsibility of ensuring adherence to the quality requirements presented in Div 1 of the Technical Specifications and all other Contract Documents. Through implementation of the CQMP, the CQM will also extend QA across Developer related entities, fabricators, suppliers and vendors, both on site and off site.

Health and Safety

7.6.10 Health and Safety (H&S) requirements are present from multiple areas of the Contract Documents. The Developer must comply with all applicable Health and Safety Laws (DA, 9.8.1). As part of the PMP, the LTA must develop its own Health and Safety Plan, which shall include necessary measures for the assurance of the safety of staff, the general public and any visitors to the Construction Work Areas.

Reporting

- 7.6.11 As part of the Project Management obligations (TRs, 1.8), the Developer is required to produce a monthly D&C Report to the Owner detailing the monthly progress of the works with respect to the Schedule, the status of design management, Quality Management, Cost control and other key construction related matters.
- 7.6.12 During the Construction Period, the Developer will also be required to deliver an Asset Capitalization Report providing a break-down of capitalized expenditure across Functional areas, cost allocation categories and associated sub totals.

Certification and Handback Conditions

Upon completion of the D&C Works within a Functional Area, the Owner will issue the Functional Area Readiness Certificate upon satisfaction to the fulfilment of 14 conditions for the Functional Area (DA, 5.9.2), notably covering the following:

- All D&C Work (including that for third parties) has been completed in accordance with the Contract Documents, bar the Functional Area Punch List items and the Functional Area is ready for use for the purpose of Airport Activities.
- The Building Official has issue a Temporary Certificate of Occupancy for the Functional Area;
- The applicable Systems comply with applicable Laws, and have passed all inspections and tests required under the Commissioning Plan;
- The Developer has delivered all necessary Submittals, IP Materials, reports, data and documentation as required under the Contract Documents;
- All Plans and Governmental Approvals for Functional Areas within the O&M Limits have been approved and all necessary staff training required for the Commencement of the O&M Services has been completed;
- All applicable QA and QC requirements have been fulfilled and there are no outstanding Non-conformance reports or uncured Developer Defaults.
- All Construction Work Areas used for the D&C Work of the Functional Area, that will not be used for other Functional Areas meets Section I.2.3 of the TRs.

7.6.13 The conditions for the issue of the Certificate of Project Substantial Completion are dependent upon issuance of all Certificates for Functional Areas, as well as all the above requirements pertaining to the project as a whole and including, of note, that the Systems for all Terminal Improvements assessed as a whole have passed all inspections and tests (DA, 5.10.1).

7.6.14 The issuance Certificate of Project Final Acceptance is dependent upon the completion and acceptance of all Project Punch List items and the issuance of the Certificate of Occupancy by the Building Official, as well as all final administrative handovers, furnishings and Submittals necessary for Project Final Acceptance (DA, 5.10.3).

Warranty Work

7.6.15 During the Warranty Period, the Developer shall perform at its sole cost, all Warranty Work necessary to correct a Defect (DA, 5.16.1).

Developer Construction Solution

Subcontracting

7.6.16 The Developer will pass down on a back to back basis, all of its' responsibilities included under the D&C Contractor Work to the Contractor, and the Finishes, MEP and Furniture, Fixtures and Equipment ('FF&E') of each Concession White Boxes (and Government Approvals necessary for their work) to the respective Concessionaires (D&CC, 3.1).

Contractor Structure and Organisation

7.6.17 The proposed full organisation chart for the Contractor during the Construction Period is presented in Appendix D – Contractor Organisation Chart. Roles have been established for the Project Director, VP of Construction, the Design Manager, Construction Manager and CQM (who will also undertake the environmental responsibilities for the Contractor due to the limited environmental scope of the Project). The staff includes a mix of employees from both Saunders and Ferrovial. Certain key members of the team such as Steve Culbertson, the Construction VP, have been working on various Terminal Improvements on the Airport for over 15 years.

Transition Plan and Schedule

7.6.18 As part of the Project Submittal requirements, and in order to plan implementation of the D&C Contractor Work, the Contractor has developed the Baseline Construction Schedule and Transition and Phasing Plan, reviewed in chapter 8 of this report.

7.6.19 Within the Transition and Phasing Plan the Contractor has identified measures to approach the following requirements for the D&C Contractor Work:

- **Security:** This is addressed from a high-level perspective, identifying key sequences of the works during which coordination with DEN security will be required (for instance, during Phase 1 prior to construction of vertical stairwell to Level 4), without specifying the specific level of security clearances required for that specific activity.
- **Construction Management:** As covered in further detail in section 7.3 of this report, the Plan shows clear staging of Construction Work Areas in alignment with a logical progression of the D&C Contractor Works. Measures to secure the Work Areas, as well as minimisation and dust are given clear thought, such as the temporary walls and passenger corridors illustrated below.

Figure 7-9 Artist representation of Hoarding

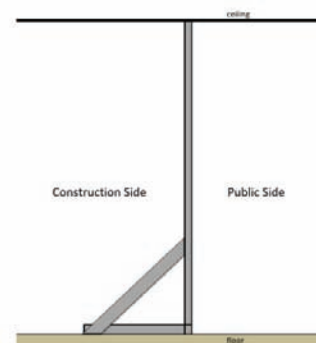


Figure 1: Temporary Construction Wall (typ.)

Source: DA, Appendix 3C – Transition and Phasing Plan

- **Interfaces:** The Plan is conceptually considerate of the interface with Airport Operations and other Projects, citing the implementation of mobile construction enclosures on Level 5 during night hours as a measure to ensure as little interface as possible with the Level 5.5 Project. Demolition and delivery activities will be

carried out at night, and waste will be stored in dumpsters located in ancillary sites outside of the Terminal and removed once a day to avoid excessive traffic to the site. Other considerations include minimising the number of necessary relocations for the airline ticketing during construction, providing temporary location for two TSA screening lanes during the extensions of the Level 6 floor and maintaining clear wayfinding for passengers, as reviewed in 8.3.

Quality

7.6.20 Appendix 3-C to the DA (QMP) contains the Construction Quality Management Plan as contemplated by the Developer Commitments. The organisation for ensuring QA and QC processes is the same as that presented in Appendix D. The document is considered largely in accordance with all Quality Requirements of the Project for the Construction Phase, although the LTA notes pending completion of the Construction Detailing Plan ('CDP'), which is designed for the purpose of assessing the completed works against the Contract Documents.

Health and Safety

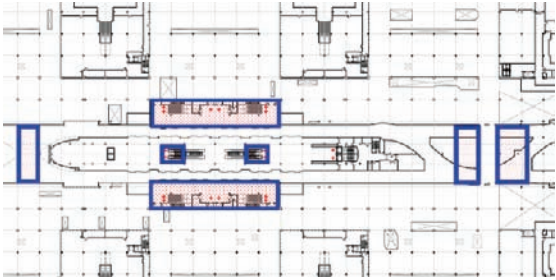

7.6.21 Annex 3-D to the DA contains the Developer’s H&S Plan during construction, as produced by the Contractor. The document is 380 pages long and is opened with the Contractor’s Safety Mission statement, followed by important information such as commitments and responsibilities, protocols for drug and alcohol testing, disciplinary programs, risk assessments, safety committees and so on. The document is considered to be comprehensive and complete by the LTA.

7.7 Key Activities

7.7.1 During undertaking this review, including technical meetings with the Developer, Contractor and a visit to the site, the LTA has identified a set of key activities, considered to be unique in nature, or of higher complexity than the other Works contemplated in the execution.

Table 7-6 LTA Key Activities

Activity	Constraints	LTA Opinion
CMF Relocation	<ul style="list-style-type: none"> • Dependent upon clear coordination with TSA over required solution and phasing. • Rerouting of cabling and conduits over a significant internal within the building. • Prerequisite activity for the rest of the Construction. 	The risk is similar to that of a utility diversion on any other project, given that cooperation is expected from TSA based upon their favourable outlook to the Project Scope for the TSA areas.

Activity	Constraints	LTA Opinion
Level 4 Work	<p>Figure 7-10 Phase 1 Level 4 Work Areas</p>  <ul style="list-style-type: none"> • Restricted working space for construction of lift and elevator pits, further constrained by proximity to AGTS line. • Coordination required with DEN security in the preliminary stages of setting up the Level 4 work site. • Potential need for temporary use of public stairwells. 	<p>The LTA acknowledges that the Contractor has considered several options for the execution of these Works, in the event that site constraints prove overly restrictive.</p> <p>By adopting isolated non-sterile zones with a vertical stair shaft, the Contractor has shown logical thought in its proposal of a solution designed to cause the least impact to the operating platforms.</p> <p>The risk is well managed.</p>
Level 6 Bridge Demolition	<ul style="list-style-type: none"> • Implementation of a temporary passenger corridor in proximity of demolition works. • Constrained site conditions and potential higher impact on passengers using the terminal during this sequence. 	<p>Similarly, the LTA notes that the Contractor has considered several options for the execution of this sequence, and therefore the LTA believes the approach adopted is both suitable and logical.</p>
Crane Lifting of Items	 <ul style="list-style-type: none"> • Special Governmental Approval Required (see Table 6-2). • Constrained site conditions and potential need for construction of shoring or support structure to ensure crane span is sufficient for lifting mechanical equipment. 	<p>The LTA understands that the Level 6 curbside structure is designed to withstand the deadload of a Type 1 fire truck and therefore is suitable for positioning of a vehicle mounted crane. The LTA is comforted that several options for support have been considered.</p>
Level 5 Floor Beams	<ul style="list-style-type: none"> • Contractor to be working overhead of CBRA Project when cutting Level 5 floor slab. • Requirement to protect conveyor systems during interface. • 	<p>The LTA is informed that the risk is limited given that the sequence is carefully planned and otherwise, all thoroughfares and work areas for the two Projects do not intersect</p>

8 CONSTRUCTION SCHEDULE

8.1 Introduction

8.1.1 The LTA has been presented copies of the Baseline Project Schedule dated 13th July 2017 and the Initial Transition and Phasing Plan (including Initial Construction Staging Plan), which will form Appendices 3-A and 3-B of the DA respectively (Developer Commitments). As of the date of this report, it is understood that the Baseline Project Schedule will be developed into further granularity and will present as a Cost Loaded Schedule as a condition precedent to NTP-1 (commencement of design work).

8.2 LTA Opinion and Key Issues

8.2.1 The LTA has reviewed the Transition and Phasing plan and considers that the phasing of the works is carefully planned in order to maintain availability of the key systems. The sequence appears logical and normal airport operations will not be excessively damaged.

8.2.2 The LTA has reviewed the requirements within the DA for the submittal of a Baseline Construction Schedule and its framework of specified Turnover Dates, Commencement Dates and Construction Deadlines. The LTA believes the requirements to be suitable in assuring adherence from both the Developer and the Owner to a delivery programme for which the largest constraint is the integrity of on-going airport operations. Through engagement from the PDA Stage of the Project, the Developer has been able to input positive influence on the agreement of such dates, resulting in deadlines reflective of the solution developed by the Developer and the Owner.

8.2.3 At the time of this report, the LTA has been presented with a Baseline Construction Schedule at a 'Summary Activity' level, which is subject to further development and possible revision prior to the Effective Date. The approach adopted by the Developer in the development of the Schedule to date is considered suitable, as are the Developer's proposals for development of its final Schedule. The assumptions regarding working hours, logistics and planning are considered appropriate. The sequence of works at the summary activity level are both logical and within expectations.

8.2.4 Due to the limited information provided on individual activities, the LTA is unable to carry out a proper review of the estimated durations at this stage, nor the provision programmed interface between individual Contractor activities and other Terminal Improvement Works. However, based upon the known volume of works for each Phase, the durations can be considered appropriate in comparison to one another and from a high-level perspective, the Schedule seems realistic. Estimated durations for vertical transportation, which comprise some of the longest activities and are more readily benchmarked at this stage, are seen as suitable across each Phase.

8.2.5 Durations for demolition of the Level 6 slab are also found to be conservative, and the LTA will seek to affirm its opinion of the suitability of the durations for other critical activities once it has been provided with a higher level of granularity on the current Baseline Construction Schedule.

8.2.6 Finally, despite the Schedule not including a specific buffer in the case of delay, the LTA is satisfied that the Contractor retains sufficient measures to accelerate works in such event. These include utilising weekend working hours and the implementation of additional labour for certain activities.

8.2.7 The key issues resulting from the review of the Baseline Construction Schedule and the Transition and Phasing plan are presented in Table 8-1 below.

Table 8-1 Construction Schedule and Phasing Plan Key Issues

Subject	Description of Risk	LTA Opinion
Phasing	Reduction in availability of process facilities (reduced capacity and passenger disruption) while works are carried out in specific areas which have to be closed off for passengers.	<ul style="list-style-type: none"> The LTA is satisfied that the phasing plans allow for sufficient processing capacity to remain open. Where necessary, such as the TSA security, additional temporary lanes are provided.
Phasing	Construction works carried out can disrupt the passenger flow and create bottlenecks or H&S risks for passengers.	<ul style="list-style-type: none"> The LTA carefully reviewed the passenger flows during phasing and considers little risk of work areas interfering with passenger flows. It is considered that large sections of the terminal are closed at once, which benefits the concentration of works area and reduces interference with passengers.
Contingency	The Schedule does not include any explicit buffers or contingencies.	<ul style="list-style-type: none"> The Construction Deadlines within the Schedule can be considered of increased certainty given that such dates have been agreed following the substantial work for both parties in sculpting the Project from the PDA phase. The LTA is comforted by the fact that the Contractor is able to utilise works acceleration measures, such as weekend shifts, in the event of delay.
Work Trade Space	A lot of the work assumes parallel delivery of the MEP works. Given the level of detail provided in the current Baseline Construction Schedule, the LTA cannot verify how such activities interact within the Summary Activity.	<ul style="list-style-type: none"> The LTA is confident that the estimations for durations have been assisted by the key subcontractors, whom possess significant experience delivering their discipline whilst working in proximity with other contractors. The level of detail is considered appropriate for this stage of the planning. The LTA will review the assumptions further once the Construction Schedule has been developed to a higher level of detail.
Testing & Commissioning	Exploitation of concession revenues is dependent upon a smooth and problem free commissioning of a number of systems.	<ul style="list-style-type: none"> The LTA is comforted by the fact that the Contractor will adopt a staggered testing and commissioning for different systems upon completion of the relevant work, resulting in reduced scope for the overall testing and commissioning at the end of each phase. The inclusion of the Activation and Training Plan within the Technical Requirements ensures appropriate consideration be given by the Developer in the run up to commissioning of each Functional Area.

Subject	Description of Risk	LTA Opinion
Working Space and Interface	<p>There are several works sequences which are to be undertaken in confined spaces and close interface with passengers.</p> <p>The works must also enable the Level 5.5 Project and other Terminal Improvements.</p>	<ul style="list-style-type: none"> The LTA has been reassured that for constrained works such as the construction of vertical pits on Level 4 and the demolition of the Level 6 north pedestrian bridge, the Contractor has considered a number of back up options for the carrying out of the works. Contractual dates within the schedule relating to the Level 5.5 Project ensure clear cut responsibilities between the Developer and the Owner. The LTA is comforted by the experience of the Contractor and its subcontractors, as introduced in section 2.
D&C Scope	<p>The current schedule is still at a high level and therefore the LTA is unable to verify that all elements of the scope are accounted for.</p>	<ul style="list-style-type: none"> The LTA understands that the Contractor, Developer and the Owner have collectively provided input to the development of the schedule as per the appropriate milestones. The Construction Deadlines and milestone schedules are subject to revision up until the Effective Date. Revisions may also occur up to financial close, or in case of delay events.

Source: LTA Analysis

8.3 Construction Phasing Plan

8.3.1 The D&C Works will be carried out in a fully operational terminal throughout the entire programme. The LTA therefore sets out the phasing plan of the Developer below which is aimed to mitigate the effect to the passengers, continuously maintain the operation of process facilities and the essential passenger flows.

Phasing Overview

8.3.2 The Project is completed in 4 main phases as described below.

Table 8-2 Phasing Summary

	Description
Phase 1	<ul style="list-style-type: none"> Area of works: MOD 2 L6 construction of new airline check-in layout L5 rearrangement of existing arrivals area to new layout L5 Baggage reclaim area refurbishment AOB L6 extension Computer Monitoring Facility relocated
Phase 2	<ul style="list-style-type: none"> Area of works: MOD 3 L6 construction of new airline check-in layout L5 Baggage reclaim area refurbishment Continuation of AOB L6 extension

	Description
Phase 3	<ul style="list-style-type: none"> • Area of works: MOD 1 • L6 complete build out of the TSA area • L5 Baggage reclaim area refurbishment • Commence TSA operations in new area
Phase 4	<ul style="list-style-type: none"> • Area of works: MOD 1 and 3 L5 and terminal curbside • Construction of the concession areas in current TSA location • Refurbishment of the curbside

Phasing Plans and Passenger Flows

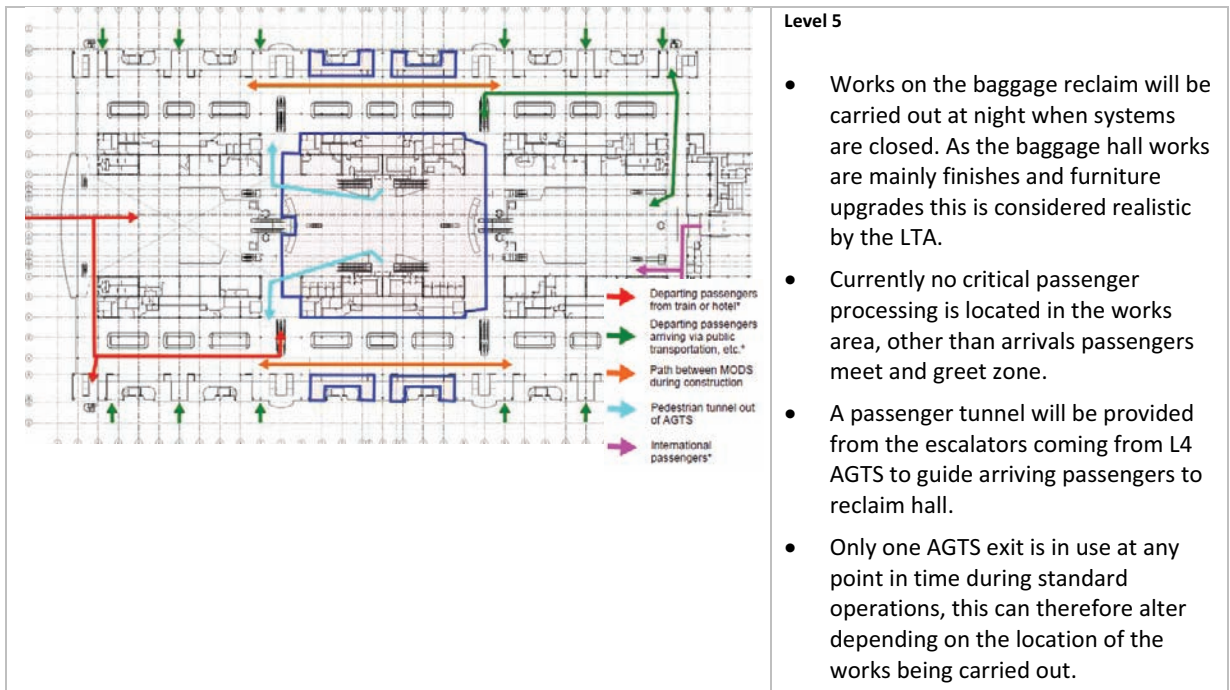
Phase 1

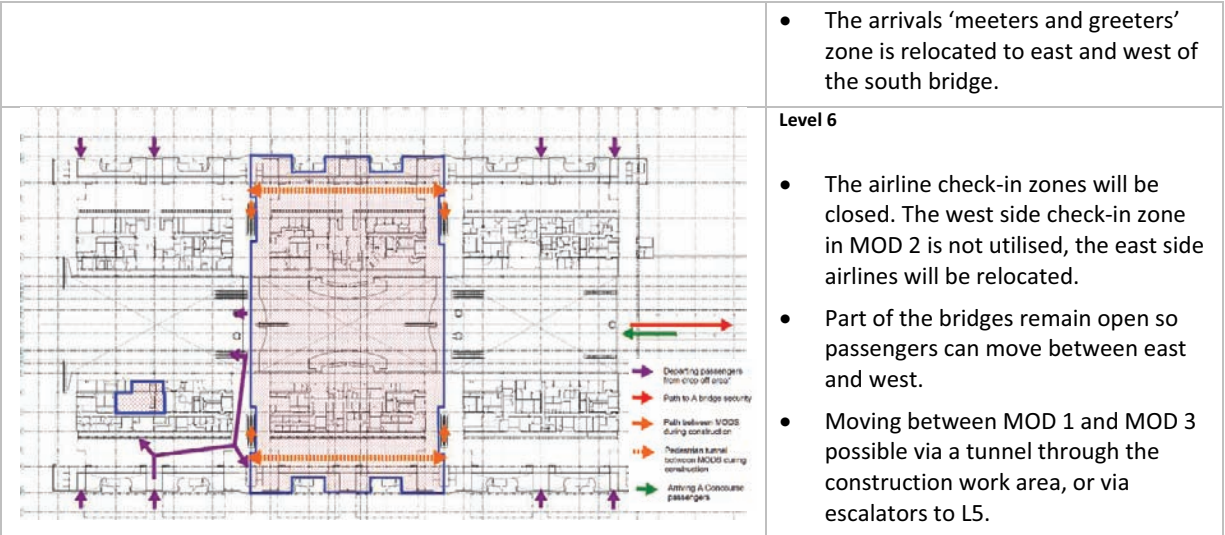
8.3.3 The first phase starts with MOD 2 works in the current arrivals area on L5 and check-in facilities on L6. The west side of the check-in zone in MOD 2 is presently not used, which limits the number of airline desks that require relocation. During the site visit, the LTA noted a relatively low utilisation of the check-in desks that are operational, which reduces complexity of the airline relocation.

8.3.4 Security processing is in MOD 1 and 3 on L5 and therefore will not be affected directly by the works in Phase 1.

8.3.5 The LTA is satisfied that the key passenger flows can be maintained in phase 1 and that no bottlenecks occur, following the plan set out below. The arrivals flow is adequately adjusted on L5, and check-in on L6 remains accessible throughout.

Figure 8-1 Phase 1 Passenger Flow Plan



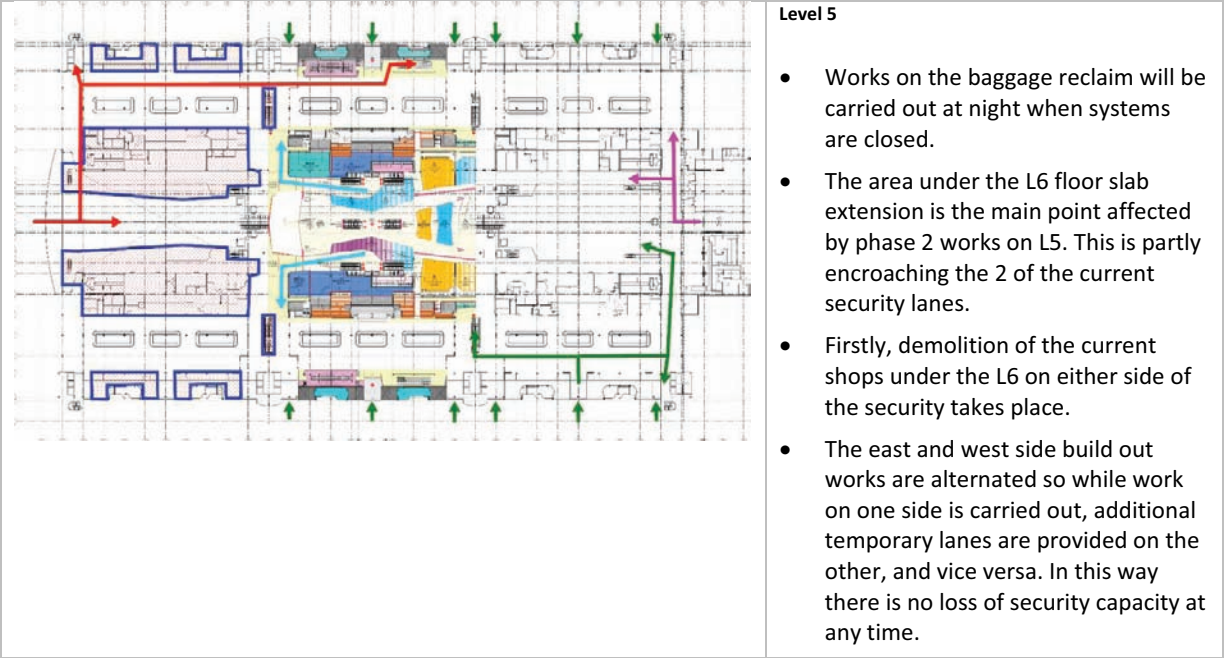


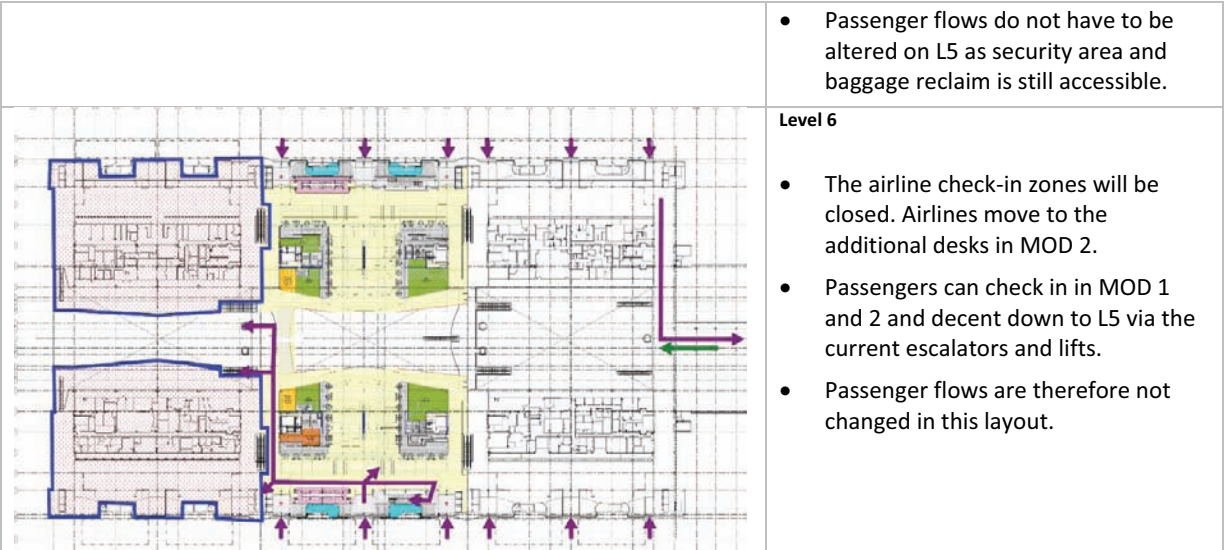
Source: Transition and Phasing Plan

Phase 2

- 8.3.6 Work in MOD 2 is completed and the L5 concessions area is in operation for landside customers.
- 8.3.7 The works in Phase 2 are in MOD 3 where the L6 floor slab is build out over L5 and the L6 airline check-in desks in MOD 3 are closed. The loss of these check-in desks is captured by the increased desks available in the new MOD 2 area.
- 8.3.8 The LTA is satisfied that the key passenger flows can be maintained in phase 2, and that no bottlenecks occur, following the plan set out below. The LTA notes that an adequate plan is in place to maintain the current number of TSA security lanes when works on the L6 floor slab extension are ongoing.

Figure 8-2 Phase 2 Passenger Flow Plan





Source: Phasing and Transition Plan

- Passenger flows do not have to be altered on L5 as security area and baggage reclaim is still accessible.

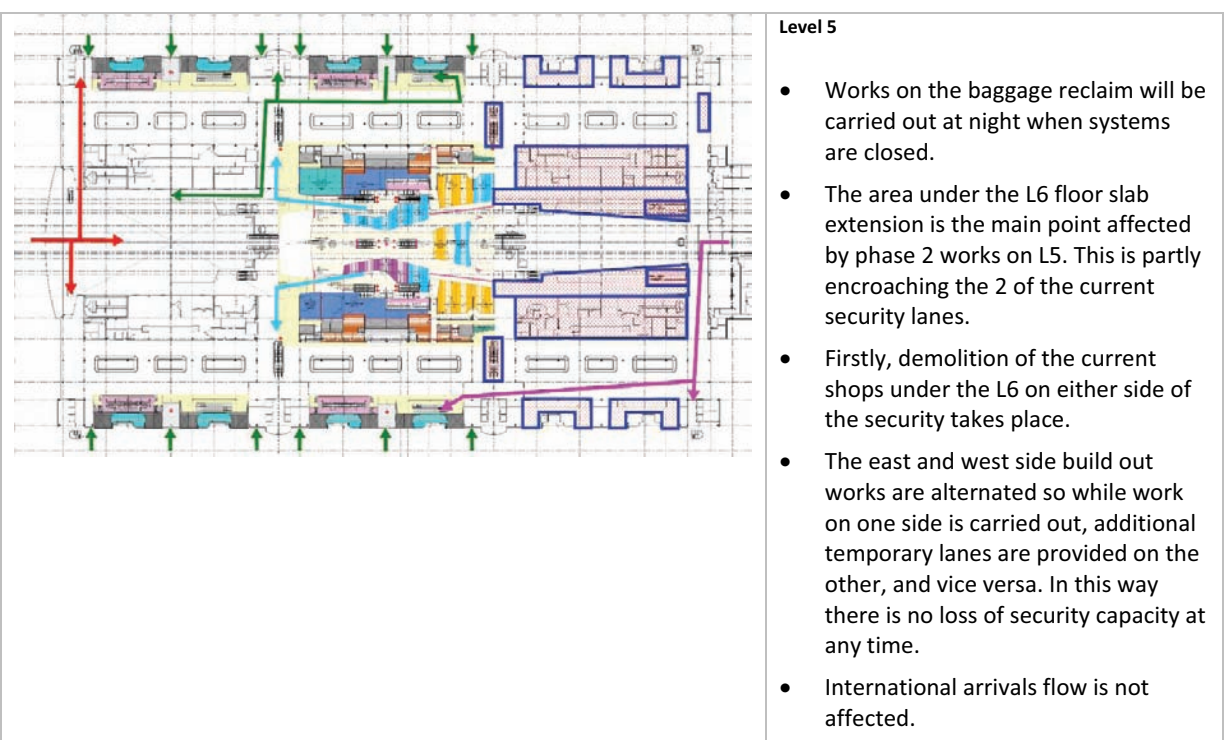
Level 6

- The airline check-in zones will be closed. Airlines move to the additional desks in MOD 2.
- Passengers can check in in MOD 1 and 2 and decent down to L5 via the current escalators and lifts.
- Passenger flows are therefore not changed in this layout.

Phase 3

- 8.3.9 The new check-in zones in MOD 3 and MOD 2 are fully operational in this phase while the MOD 1 check-in zone is closed and airlines are relocated to the new zones.
- 8.3.10 The works in phase 2 in MOD 3 are replicated in phase 3 in MOD 1.
- 8.3.11 The LTA is confident that the key passenger flows can be maintained in phase 3, and that no bottlenecks occur, following the plan set out below. Similar to Phase 2, an adequate plan is in place to maintain TSA security capacity.

Figure 8-3 Phase 3 Passenger Flow Plan



Level 5

- Works on the baggage reclaim will be carried out at night when systems are closed.
- The area under the L6 floor slab extension is the main point affected by phase 2 works on L5. This is partly encroaching the 2 of the current security lanes.
- Firstly, demolition of the current shops under the L6 on either side of the security takes place.
- The east and west side build out works are alternated so while work on one side is carried out, additional temporary lanes are provided on the other, and vice versa. In this way there is no loss of security capacity at any time.
- International arrivals flow is not affected.



Level 6

- The airline check-in zones will be closed for construction of the new TSA security area. Airlines move to the additional desks in MOD 3.
- Passengers can check in in MOD 2 and 3 and decent down to L5 via the current escalators and lifts.
- Passengers using the AOB to Concourse A can use a tunnel running through the works area in MOD 1. This tunnel path will be adjusted in accordance with the works being carried out.
- The tunnel accessed from MOD 2 or the curbside directly.

Source: Phasing and Transition Plan

Phase 4

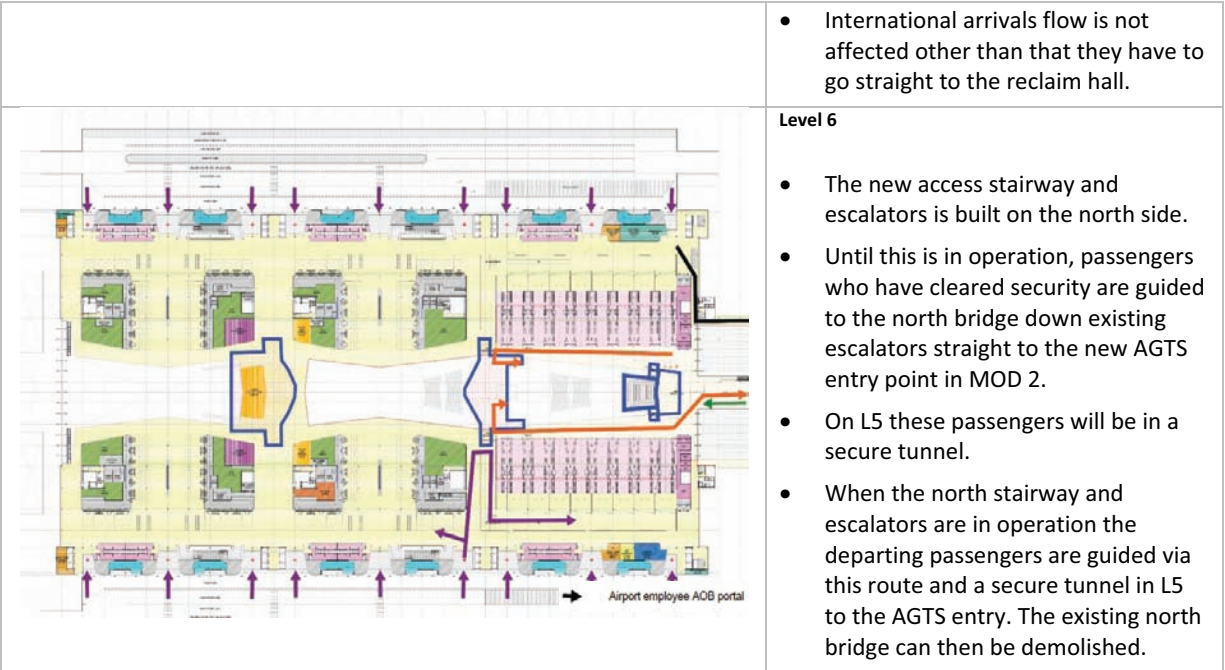
- 8.3.12 In phase 4 the entire level 6 is in operation, including the new TSA security area. This allows the TSA areas on L5 north and south to close and commence construction of the new concession zones there.
- 8.3.13 In the first phase of phase 4, when the current escalators on the north bridge are used to guide all passengers down to the AGTS, some disruption could occur at peak times. However, this could be partly mitigated by the fact that a likely higher share of passengers to concourse A will use the AOB.
- 8.3.14 The LTA is confident that the key passenger flows can be maintained in phase 4, and that no bottlenecks occur, following the plan set out below.

Figure 8-4 Phase 4 Phasing and Transition Plan



Level 5

- Both current TSA security zones are closed. This includes the access points for departing passengers to the AGTS.
- A tunnel is provided in the MOD 1 area to guide departing passengers who have just cleared the new security straight to the AGTS access in MOD 2.
- Departing passengers who need to check-in from the north entry in MOD 3 (red lines) are guided via tunnels in the construction zone to the baggage reclaim area, where they can use the escalators to move to L6.



- International arrivals flow is not affected other than that they have to go straight to the reclaim hall.

Level 6

- The new access stairway and escalators is built on the north side.
- Until this is in operation, passengers who have cleared security are guided to the north bridge down existing escalators straight to the new AGTS entry point in MOD 2.
- On L5 these passengers will be in a secure tunnel.
- When the north stairway and escalators are in operation the departing passengers are guided via this route and a secure tunnel in L5 to the AGTS entry. The existing north bridge can then be demolished.

Source: Phasing and Transition Plan

LTA Analysis of Phasing

8.3.15 The table below sets out the key processing facilities in the terminal and the availability throughout the construction phases.

Table 8-3 Availability of Facilities

Facility	Phase 1	Phase 2	Phase 3	Phase 4
Check-in	Reduction of around 74 desks MOD 2 (of which half is not used presently) 155 existing in use 151 Total	Reduction of around 74 desks MOD 3 88 new desks in use in MOD 2 74 existing in use 162 Total	Reduction of around 74 desks MOD 1 New MOD 2 and 3 check in available (final situation) 176 Regular 216 self service	176 Regular 216 Self Service
TSA Security	11 lanes in MOD 1 11 lanes MOD 3 8 lanes in AOB 30 total	11 lanes in MOD 1 7 lanes MOD 3 4 temporary MOD 3 8 lanes in AOB 30 total	11 lanes in MOD 1 4 temporary MOD 1 11 lanes MOD 3 8 lanes in AOB 30 total	34 new
AGTS exit	Via tunnel in works area MOD 2	Via path to baggage reclaim hall		
AGTS entry	Via existing escalator after security			Via tunnel to new entry point in MOD 2

Facility	Phase 1	Phase 2	Phase 3	Phase 4
Baggage Reclaim	All operational during normal operating hours			

Source: Transition and Phasing plan & Infrata Analysis

- 8.3.16 The LTA considers that the phasing of the works is carefully planned in order to maintain availability of the key systems. The sequence appears logical and normal airport operations will not be excessively damaged.
- 8.3.17 Assessment of the passengers flows as presented in the phasing plans indicate no obstructions at any point in time and continuous access to the AGTS, TSA Security and check-in facilities.
- 8.3.18 The plan adequately takes into account the need to provide temporary security lanes when the L6 floor slab extension works occur over the current lanes.
- 8.3.19 The plan also adequately takes into account to fully finalise the TSA security on L6 before moving the existing security areas on L5. In this case, only one shift of the total security screening area is required.

8.4 Programming Approach

- 8.4.1 The Contractor has developed the Baseline Project Schedule “Construction Schedule” using the Asta PowerProject Software, a recognised tool for construction programming. The Contractor has developed the Construction Schedule for the works in parallel with refining the design solution based upon discussions with the Owner over preferred option for the Project and its respective implementation. It is understood that this process, along with obligations discharged during the PDA Phase, has facilitated proactive input from the Developer over the determination of the Completion Deadlines, based upon the Owner’s decision on the final solution.
- 8.4.2 Completion Deadlines are defined within the DA as the Construction Commencement Deadline, Scheduled Functional Area Readiness Date, the Scheduled Project Substantial Completion Date, the Project Final Acceptance Deadline and the Project Substantial Completion Long Stop Date, as applicable (DA Appendix 1). Completion Deadlines within the D&C Contract include all of the above, in addition to Concession Space Readiness Dates and the D&C Contractor Work Long Stop Date.
- 8.4.3 For this stage of the Project the Contractor has framed its Level 2 (Works broken down by discipline of work rather than individual activity) Construction Schedule around the Completion Deadlines presented within the D&C Contract. By considering each Completion Deadline or Key Milestone as a limit on the planning of works, the Contractor has input these dates as the framework from the overall programme.
- 8.4.4 Using the interim Construction Deadlines as the basis for programming, the Contractor has engaged its key subcontractors to define the overall sequence of works for each phase within the Schedule. As such, activities presented in the Schedule are reflective of ‘summary’ or ‘hammock’ activities, indicating the maximum possible duration for all underlying activities included within. The LTA understands that durations for the summary activities are informed by the experience of the Contractor and its subcontractors in the delivery of similar works, and the expected logistic and planning constraints identified through the development of the design (such as maintenance of passenger thoroughfare and restriction of works such as waste removal to night hours.)
- 8.4.5 From establishing a level 2 summary Schedule, the Contractor has calculated order of precedence for each sequence of works, thereby determining the overall critical path for the works. Critical activities are determined as those activities with 10 or less days of float. To summarise the programming approach has been the following:
 - Development of design solution from PDA to DA phase;
 - Formulation of Key Milestones;

- Confirmation of overall sequence of works;
- Estimation of duration for hammock activities;
- Clarification of precedence and critical path.

8.4.6 The Developer has provided indication of the following steps that will be undertaken to develop the Baseline Construction Schedule into a detailed Level 3 and Level 4 Schedule. This will be undertaken in congruence with the development of the more detailed design package. Through determination of the detail of scope for each Summary Activity, the actual sequence and overlap of scheduled activities (such as ductwork, light fittings, cabling) will be more accurately defined to achieve the necessary end dates for each. During the development of the realised construction schedule, works activities and manpower levels will also be sequenced to ensure achievement of the necessary end dates.

8.4.7 The Developer has also established a number of processes and controls within the PMP for the update and revision of the schedule during construction, resolution of schedule conflicts and mitigation of potential delay impacts.

8.5 Construction Schedule

8.5.1 The following section outlines the main components of the Baseline Construction Schedule. The Schedule will form Appendix 3-A of the DA and includes the Key Milestones stated in Appendix 1. The Baseline Construction Schedule is also included as Annex 3 to the D&C Contract (D&C Contractor Work Milestone Schedule)

8.5.2 The DA defines both Turnover Dates and Completion Deadlines, the former is the date specified at which the Owner must make the applicable Construction Work Area available to the Developer for commencement of the Construction Work. The boundaries of the Construction Area for each phase have been defined by both parties in the Transition and Phasing Plan. Failure on the part of the Owner to make the Construction Work Area available for the respective Turnover Date will constitute an Owner-Caused Delay.

8.5.3 Completion Deadlines are defined as committed dates on which the Developer must obtain the appropriate Certificate for completion of the scope of construction works for that respective date. The LTA notes that interim Functional Area Readiness Dates, Concession Space Readiness Dates and the Project Substantial Completion Date are weighted with liquidated damages payable by the Contractor in the instance of delay. There are no liquidated damages payable from the Developer to the Owner. The Concession Area Readiness dates are only Construction Deadlines within the D&C Contract to allow for all fit out and finishing works to be completed by each Concessionaire prior to the Functional Area Readiness Date.

Turnover Dates

- Construction work Areas Dates: The date at which the Owner makes the respective Construction Work Area available to the Developer to commence the work;
- Baseline Level 5.5 Baggage Completion Deadline: The Completion Deadline for the Level 5.5 Project;
- Baseline Developer TSA Screening Area Handover Date: The date scheduled for the Developer to hand back the TSA Screening Area to the Owner for performance of the TSA Work;
- Baseline Developer TSA Screening Area Deadline: The date shown in the Baseline Project Schedule for the Owner to hand back the TSA Screening Area to Developer, which is 90 days following the Baseline Developer TSA Screening Handover Date;

Completion Deadlines

- Construction Commencement Deadline: The date occurring 340 days after the Effective Date.
- Concession Space Readiness Dates: The date on which the Concession Space Readiness is achieved for the applicable Concession Space White Box, as per the Contractor’s milestone schedule (90 days prior to Functional Area Readiness Deadline for such Concession Space White Box). Once the Concession Space Readiness Certificate has been issued for the respective white box, the Concessionaires will undertake the tenant fit out and finishing works, ensuring the Concession Space is compliant with the requirements for Functional Area Readiness;
- Scheduled Functional Area Readiness Dates: The scheduled date for issuance of the Functional Area Readiness Certificate for each respective Functional Area. There are 19 Functional Area Dates and 2 Area Dates as seen in Table 8-4;
- Scheduled Project Substantial Completion Date: The scheduled date for issuance of the Certificate of Project Substantial Completion;
- the Project Final Acceptance Deadline: The scheduled date for issuance of the Certificate of Project Final Acceptance, 90 days after the Project Substantial Completion Date;
- the Project Substantial Completion Long Stop Dates: means the date by which Developer must achieve Project Substantial Completion, which is 365 days after the Scheduled Project Substantial Completion Date.

8.5.4 The latest scheduled dates presented within the DA and the Baseline Construction Schedule are presented in Table 8-4 below. The dates presented will be updated to reflect the dates set forth as of the Effective Date, then as of the Financial Close Date.

Table 8-4 Key Dates and Milestones

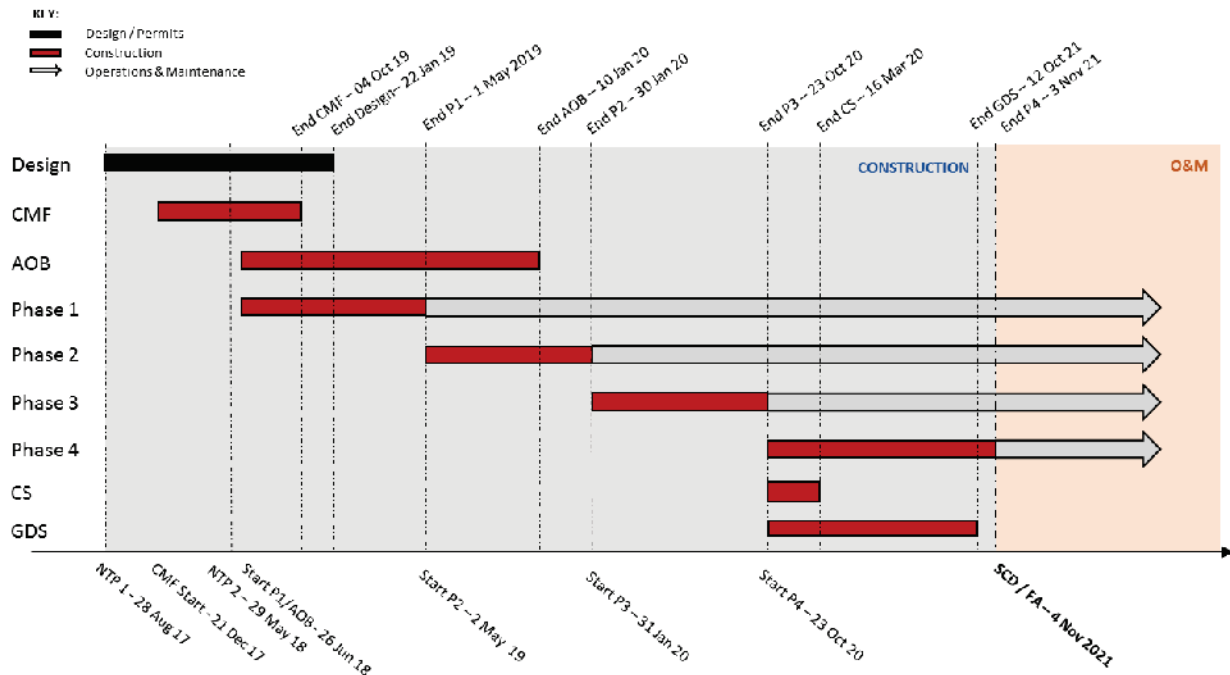
Functional Area / Key Date	Date	Functional Area / Key Date	Date
Construction Commencement			
Effective Date (Commercial Close Conditions Satisfied)	08/28/2017	Construction Commencement Date (340 Days after Effective Date)	06/28/2018
Financial Close	10/24/2017	NTP1*	08/28/2017
NTP2'	05/29/2018	TSA Screening Area Handover Date	06/15/2020
TSA Screening Area Handback Date ⁶	10/23/2020	Level 5.5 Baggage Completion Date~	01/30/2020
Construction Work Area Date # 1	05/01/2019	Construction Work Area Date # 2	01/30/2020
Construction Work Area Date # 3	10/23/2020	Construction Work Area Date # 4	11/03/2021
Phase 1			
Concession Space Readiness Level 5	12/04/2018	Concession Space Readiness Level 6	12/19/2018
#5 (Airline Space – West Module 2)	05/01/2019	#6 (Airline Space – East Module 2)	05/01/2019
#16 (AGTS Access – Escalators L5 to L4 center Mod 2)	05/01/2019	#17 (AGTS Area – Level 4)	05/01/2019
#19 (Central Monitoring Facility)	05/01/2019		
Phase 2			
Concession Space Readiness Level 5	09/20/2019	Concession Space Readiness Level 6	09/19/2019

Functional Area / Key Date	Date	Functional Area / Key Date	Date
#3 (Airline Space – West Module 3)	01/30/2020	#4 (Airline Space – East Module 3)	01/30/2020
Phase 3			
Concession Space Readiness Level 5	06/17/2020	#7 (Security Screening Area West – Module 1)	10/23/2020
#8 (Security Screening Area East – Module 1)	10/23/2020	#21 (Baggage Claim West – Level 5)*	10/23/2020
#22 (Baggage Claim East – Level 5)*	10/23/2020		
Phase 4			
Concession Space Readiness Level 5	05/26/2021	Concession Space Readiness Level 6	06/08/2021
#1 (Level 6 West Curbside)	11/03/2021	#2 (Level 6 East Curbside)	11/03/2021
#9 (Expanded North Balcony – Vertical conveyance L6 to L5)	11/03/2021	#10 (Level 6 South Bridge Expansion)	11/03/2021
#11 (AOB Corridor)	12/18/2019	#12 (Landside Plaza) Phase 4	11/03/2021
#13 (Airside Plaza – Center Mod 2) Phase 4	11/03/2021	#14 (Airside Plaza – Center Mod 1) Phase 4	11/03/2021
#15 (AGTS Access – Vertical conveyance L5 to L4 Mod 1 & 2)	11/03/2021	#18 (Goods and Materials Delivery and Screening Facility)	05/01/2019
Completion			
Baseline Project Substantial Completion Date	11/03/2021	Project Substantial Completion Long Stop Date	11/02/2022
Contractor Work Long Stop Date	07/02/2022	Project Final Acceptance Date	11/04/2021
<p><i>*NTP1 means the written notice from the Owner authorising the Developer to proceed with the Design Work.</i></p> <p><i>*NTP2 means the written notice from the Owner authorising the Developer to proceed with the Construction Work.</i></p> <p><i>⁶ Should the Contractor hand over the TSA Screening Area on or within 30 days prior to the Scheduled handback date, it will be entitled to a Bonus Payment of US\$2,000,000. If it hands back the TSA Screening Area before this date, it will be entitled to a Bonus Payment of US\$3,000,000.</i></p> <p><i>~This is the date on which the Owner guarantees completion of the Level 5.5 Project.</i></p> <p><i>*The respective dates are Area Dates, not Functional Area Dates.</i></p>			

Source: Baseline Construction Schedule 07.13.17

- 8.5.5 The Developer shall commence provision of the Operations & Maintenance ('O&M') Services upon the Functional Readiness Date for the relevant Functional Area, and upon the Project Substantial Completion Date for all areas within the O&M Limits. An indicative timeline of the Completion Deadlines and commencement of the O&M Services for different areas of the Project Infrastructure are shown in Figure 8-5.

Figure 8-5 Baseline Construction Schedule Key Milestones



Source: LTA Analysis of Baseline Construction Schedule 07.13.17

General Assumptions

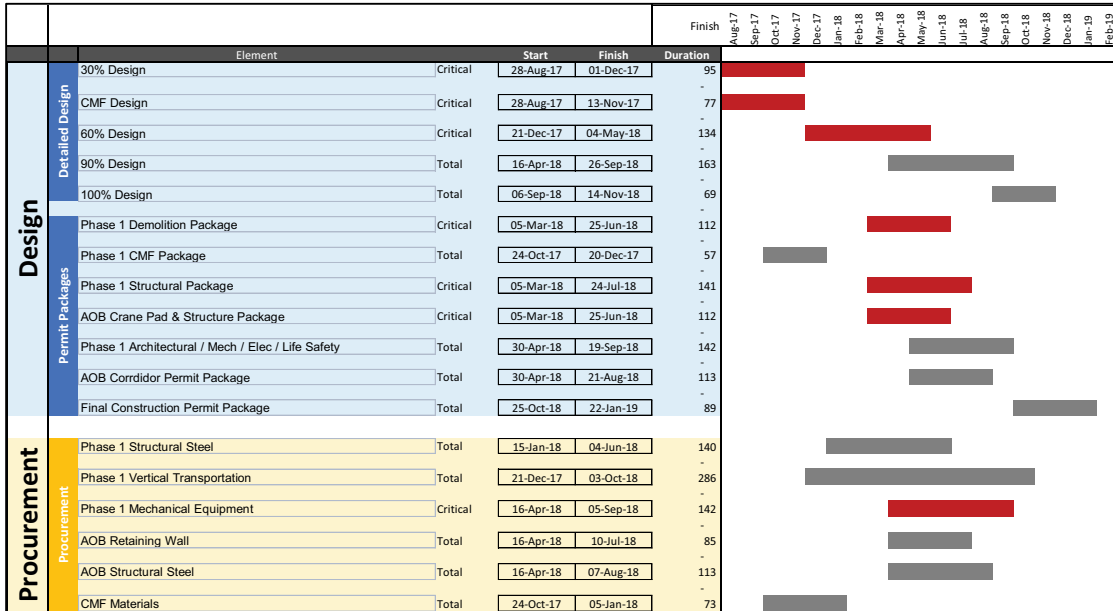
8.5.6 The Developer has based the programming of activities within the Schedule in accordance with a number of assumptions for the undertaking of the work itself. An example of said assumptions are as follows:

- Construction Work shall take place over two hour shifts, 6am to 6pm and 11pm to 5am. Preparation for night shift work will begin two hours in advance of the shift itself;
- Certain works will be reserved for night shifts only, namely demolition activities that generate excessive noise and vibration, deliveries to the site, waste removal from the curbside area and level 5 finishes;
- Should the Contractor fall behind in its delivery to the Schedule, it will utilise weekends to accelerate the works;
- The delivery to the construction schedule assumes smooth and timely delivery of all necessary packages, plans and submittals to the relevant person(s);
- Procurement will remain an iterative process alongside the delivery of the works across Phases to facilitate timely delivery of necessary materials in line with the need for such goods on site;
- Testing and commissioning of each element of infrastructure will take place upon its completion, ensuring phased commissioning up until the final commissioning period of the Phase, during which all systems will be run in parallel and any imbalance addressed.

Design & Procurement

8.5.7 The Baseline Construction Schedule includes 355 days for design and 240 days for procurement of the necessary infrastructure elements for the commencement of construction work in Phase 1. The LTA’s representation of the summary schedule is shown in Figure 8-6.

Figure 8-6 Baseline Construction Schedule – Design & Procurement



Source: LTA Analysis of Baseline Construction Schedule

8.5.8 Within the time allowance for design is the development of the detailed design to a 30% level of completion, this forms the first payment milestone for the design work and is constituted Early Design Work (i.e can commence from the Effective Date). All other design work can begin following the issuance of NTP 1 by the Owner. NTP 1 is scheduled for the 28th August 2017, and is therefore the same as the Effective Date. As of the LTA site visit, the Contractor believes it has almost reached the 30% level of completion for the design and is being remunerated based upon the monthly progress (DA, 2.1) of these designs against the maximum Early Design Work Schedule presented in Appendix 2E of the DA.

8.5.9 All of the design work is on the critical path, with the exception of the 90% and 100% design submittals. This is due to the procurement timeline of the mechanical elements such as the HVAC components, assuming criticality for Phase 1 construction in parallel to the development final design packages. The longest procurement item is the vertical transportation for Phase 1 which for which the duration is 286 days with 25 days of float. The LTA notes that the Schedule currently represents procurement for only the Phase 1 works, and procurement timelines for other phases will be carried out in conjunction with the construction works of the previous Phase, to be represented on the final Schedule.

8.5.10 Within the permitting phase of the Schedule, the approvals for the structural works and the crane pad form the critical path and can be begun partway through the development of the 60% design package. See section 6.3.6 for more information on the procedure for the acquisition of Governmental Approvals.

Phase 1

8.5.11 With the exception of the Advanced Construction Works approved by the Owner (CMF Works), the Developer must wait until conditions requisite for the granting of NTP 2 have been fulfilled before commencing all other works. The scheduled date for NTP 2 is the 29th May 2018 as per Appendix 3-A of the DA. The CMF works will

Phase 3

8.5.16 During Phase 3, works will proceed in a similar manner as during Phase 1 across Level 4 and Level 5, despite AOB works having finished on the 10th January 2020. The only differences in time are accounted for by the reduced number of national holidays during Phase 3.

Figure 8-9 Baseline Construction Schedule - Phase 3

Element	Start	Finish	Duration	Finish														
				Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20				
Phase 3																		
Level 5	Critical	31-Jan-20	22-Oct-20	265														
Level 6	Critical	31-Jan-20	22-Oct-20	265														
Closeout Phase 3 - MOD 1	Critical	02-Oct-20	23-Oct-20	21														

Source: LTA Analysis of Baseline Construction Schedule

8.5.17 Allowances for the buildout of areas for tenants will include construction of the new TSA space on Level 6, for which TSA shall be involved in the commissioning period at the end of the Phase.

Phase 4

8.5.18 Phase 4 is of a more substantial duration than Phase 2 and 3, accounting for by the fact that all structural works (including construction of the new South Bridge on Level 6 and infilling of the existing floor opening for the AGTS on Level 4) must be completed prior to interior buildout works for these areas. Despite works on Level 4 being presented as critical for Phase 4, it is understood that such works will retain 95 days of float.

Figure 8-10 Baseline Construction Schedule - Phase 4

Element	Start	Finish	Duration	Finish														
				Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
Phase 4																		
Level 4	Critical	23-Oct-20	22-Jun-21	242														
Level 5	Critical	23-Oct-20	15-Oct-21	357														
Level 6	Critical	23-Oct-20	02-Nov-21	375														
Closeout Phase 4	Critical	13-Oct-21	03-Nov-21	21														
Misc.																		
Curbside	Total	23-Oct-20	16-Mar-21	144														
Goods Delivery Structure	Critical	03-Mar-21	12-Oct-21	223														

Source: LTA Analysis of Baseline Construction Schedule

Works on the curbside area will begin in parallel with the commencement of Phase 4 and are scheduled to last 100 working days. The works on the goods delivery structure will begin as soon as structural works have finished on Level 6. Works for the Goods Delivery Structure ('GDS') are less constrained with respect to interface on the operational Great Hall and therefore can facilitate the delivery of buildout, finishes, MEP and life systems in parallel.

Activity Durations

8.5.19 The LTA notes that durations for most of the activities still currently refer to summary activities and therefore these cannot be subject to detailed review without provision of a Level 3 (element level schedule). Given the unit based rate of productivity for vertical transportation, including elevators and lift assembly, the LTA has been able to evaluate the suitability of durations for installations. Across the Project, the time allowances for assembly, installation and testing appear at the upper end of the LTA's expectations (12-14 weeks).

- 8.5.20 The LTA has also been able to undertake a benchmark of the unit rates of demolition for the Level 6 works, which are currently are given the same time allowance as Level 5 demolition activities despite involving a greater volume, and are therefore deemed time critical. The high level review estimates that the Consortium’s hammock activity supports a demolition rate of 145 cubic yards per night shift (for which the LTA has assumed 6 hours of work), which is towards the slow end of the LTA’s expectations, the slowest being 140 cub yards per 6 hour shift. This analysis should be taken as high level opinion until the LTA is provided the opportunity to support its view upon presentation of a further detailed Construction Schedule.
- 8.5.21 The LTA undertake further reviews of the activity durations in subsequent versions of this report, but at this stage, the LTA finds that the spot check analysis would indicate sensible assumptions used for demolition and vertical circulation activities, both of which are deemed time critical in account of the overall sequence of the works.

9 OPERATIONS AND MAINTENANCE REVIEW

9.1 Introduction

9.1.1 The LTA has undertaken its review of the O&M aspect of the Project based upon the DA and associated Contract Documents, including the Technical Requirements, and the O&M Plan, version as of August 2017. In addition, the LTA has undertaken Q&A with the Developer. The LTA notes that all of these documents are subject to revision according to the Contract Documents, and will be periodically revised over the course of the Project.

9.2 LTA Opinion and Key Issues

9.2.1 The LTA has reviewed the contractual requirements for the O&M Phase and finds them to be comprehensive and considerate of the expected output of a world class O&M provider. The boundaries of responsibility between the Developer and the Owner appear clearly defined.

9.2.2 The LTA considers the scope of O&M Services to be limited in comparison with other airport Projects and therefore suitable of a ‘self – perform’ O&M structure. The LTA takes comfort from the prescriptive nature of the requirement for minimum credentials for personnel appointed to key roles, such as the Project Manager of the commercial facilities, within the Developer (see 2.4.13), ensuring experience within the management of the Operational Services. The Performance Requirements are simplistic in their mechanism and should pose no risk to the Developer, provided all supporting administration and management systems are maintained appropriately. The plans and proposed structure for the delivery of the O&M services have been developed to a suitable level of detail and are deemed sensible in consideration of the Performance Requirements.

9.2.3 The LTA does not find the provisions for handback to be punitive, and the rolling mechanism for a Maintenance Reserve Account provides extra security in ensuring provision from the revenues for forecast renewals. The LTA believes that from a lifecycle perspective, the scope of renewal work is standard and that the Developer has followed a suitable approach in calculation of the cost allowance for the duration of the Operating Period.

9.2.4 The key issues associated with the O&M aspects of the Project are detailed in the table below.

Table 9-1 Key Issues of O&M

Subject	Description of Risk	LTA Opinion
Potential overlap in requirements for Plans and Documentation.	The tendency for prevalent requirements, particularly those relating to the contents of plans and submittals, to be spread across multiple areas of the Contract Documents. The requirements are considered comparable with other airport projects, but provide extra administrative load for the Developer in return for a limited scope of O&M work.	The risk is mitigated by the fact that the DA clearly defines an order of precedence of conflicting documentation. The LTA also expects the Contract Documents to be subject to further revisions during the Project.
Changes to O&M requirements.	Within the contract, it is understood that changes to the applicable O&M requirements, other than those which are Discriminatory O&M requirements, require the Developer to inform itself of such changes.	The risk is low, given that Non-Discriminatory O&M Requirements should not inflict increased costs upon the Developer. The Developer is also highly experienced in the international landscape of airport regulations due to its experience in operating airports world wide.

Subject	Description of Risk	LTA Opinion
No contractual predisposition of suppliers for Contractor.	The DA provides vetting requirements for all Key Contractors and these are passed down to the D&C Contractor. However, for other smaller suppliers, the Contractor retains discretion for their selection and thus could potentially select a specialist supplier who is not able to support the Project during the maintenance phase.	The LTA does not concede that the risk is significant, given that the pass down of the Key Contractor provision within the D&C Contract account for most major suppliers to the Project. Furthermore, elements within the O&M Limits warrant standard systems and parts, for which the supplier market is not restricted. The LTA is satisfied that the Developer is providing adequate oversight to the procurement process.
O&M Interface	The undertaking of O&M Services in parallel and direct interface with the operations of the Terminal by the Owner and Third Parties necessitates clear understanding by the Developer of its remit.	The scope of O&M services and demarcation points ensure clarity with respect to the boundary of requirements. The greatest risk will likely occur during the initial stages of delivery, and this is mitigated through the formalisation of a well-structured O&M Plan.

Source: LTA Analysis

9.3 O&M Requirements

Overview

- 9.3.1 The Developer’s obligations with respect to the O&M Services are presented in article 7 of the DA and Part III of the Technical Requirements. The commencement of Post Construction O&M Services for the relevant Functional Area (otherwise the O&M Segments) will occur on the Functional Area Date, and for other areas within the O&M Limits, the Project Substantial Completion Date, as shown in Figure 8-5. During the Construction Period, the Owner will perform O&M work that is required on existing Owner assets, limiting the Developer’s obligations to facilitating access to construction work areas when necessary, as well as maintaining all such areas and any adjacent public spaces, clean and hazard free.
- 9.3.2 The Developer is required to perform all O&M services in accordance with (a) Good Industry Practice; (b) the requirements, the Contract Documents; (c) all applicable Laws; (d) the Airport Rules and Regulations; (e) all Governmental Approvals applicable to the O&M Services; (f) the then approved O&M Services Plan; and (g) any Safety Compliance Order and the Environmental Management Plan. Appendix 9-A of the DA presents the minimum performance requirements related to the O&M Services, to which Non-Compliance Points and deductions can be attributed in the instance of failure (see 5.9).
- 9.3.3 The LTA also notes that at any stage during the Concession, the Owner may amend or change the Technical Requirements at its sole discretion (including through application of an FAA Grant). The LTA understands that only Non-Discriminatory Changes to the Technical Requirements will waiver compensation and it will be the Developer’s responsibility to inform itself of any such changes.

Table 9-2 Operation & Maintenance Responsibilities

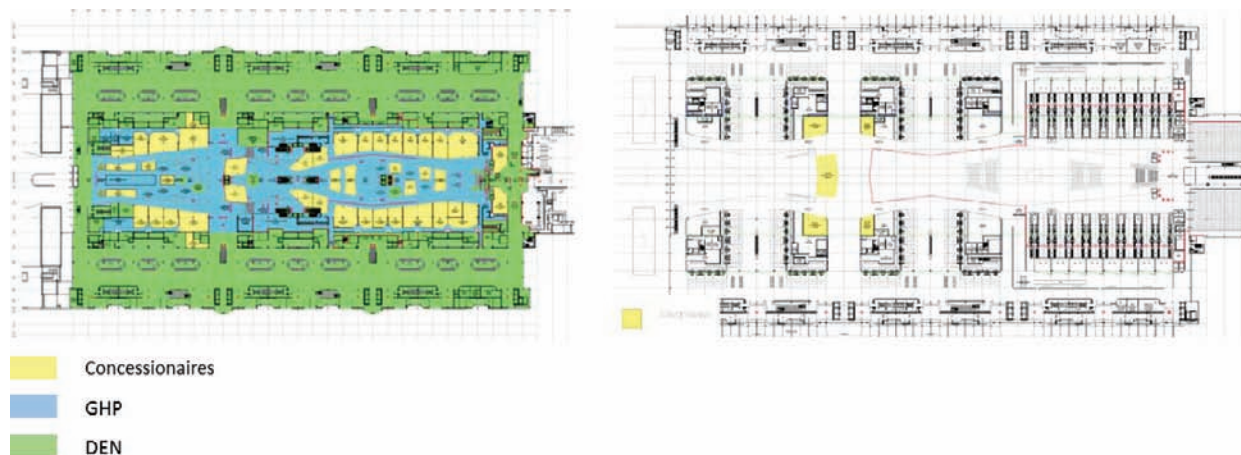
O&M Requirement	Owner	Developer	Notes
Core Airport Operations	✓		
O&M for Terminal Improvements	✓ (Outside O&M Limits)	✓ (Inside O&M Limits)	Both the Developer and the Owner are to deliver the O&M Services in parallel, with the limit of responsibility explained further in this chapter.

O&M Requirement	Owner	Developer	Notes
Maintenance Works	✓ (Elements outside of Project Scope)	✓ (Elements inside of Project Scope)	Maintenance works on Elements other than those installed, built, rebuilt, or repurposed by the Developer are the Owner's responsibility.
Cleaning	✓ (Outside O&M Limits)	✓ (Inside O&M Limits)	
Project Utilities Services and Building Systems	✓ (Outside O&M Limits)	✓ (Inside O&M Limits)	The Owner will supply the Project Utility Services to the applicable Utility Demarcation Point and will undertake O&M for the corresponding utilities outside of the O&M Limits. The Owner will undertake O&M work on Utilities and Building Systems specifically assigned to the Owner as per the Technical Requirements. All revenue meters installed by the Developer for sub-metering purposes are within O&M Limits. Developer shall provide actual monthly usage data to the Owner.
Customer Experience Elements	✓		The Owner will perform O&M work on the Customer Experience Elements, to the extent defined in the Technical Requirements, including the FIDS and TIDS.
Maintenance of the terminal superstructure	✓		
Cleaning and Maintenance of the tent roof.	✓		The Owner will also undertake the cleaning and maintenance of the tent roof support structure.
Utility Failure Event	✓	✓	The Owner will assist the Developer in the cessation of the Utility Fault to prevent damage to surrounding areas and/or Owner Property.
Inspections	✓ (At Owner's discretion)	✓ (Regular)	The Owner retains the right to conduct Oversight relating to the O&M Services in its sole discretion, provided it does not interfere with the work or provide hindrance to the Developer. The Developer must conduct regular inspections as per the Quality O&M Plans.

Source: Part III, Technical Requirements

9.3.4 The O&M Limits are established on the Project Site Model to delineate the outside limits (both horizontal and vertical) for the purposes of the O&M Services. These comprise both the Core O&M Limits and the Systems O&M Limits. A plan view of the O&M Limits is seen in Figure 9-1. The Demarcation Points (DPs) for each relevant system are to be included in the Technical Requirements and are presented in Appendix A of this report.

Figure 9-1 O&M Limits Floor Plan



Source: Developer

Performance Requirements

- 9.3.5 The Performance Requirements for the Project are stipulated in Appendix 9-A of the DA, supported with the section III of the Technical Requirements. Appendix B of this report provides a summary of the Performance Requirements for the Project. Failure to adhere to the Performance Requirements shall entitle the Owner to the rights and remedies set forth in the Contract Documents, including the assessment of Noncompliance Points, deductions from Developer Concessions Revenue and Supplemental Payments, and termination for Developer Default. Noncompliance Points are attributed on the basis of the Noncompliance Points Table set forth in Appendix 9 of the DA (see 5.8.1 and of this report). The table covers ACDBE Requirements, O&M Services (including the Performance Standards) and Concessions Management.
- 9.3.6 The O&M Performance Requirements are structured by the Elements of Infrastructure within the O&M Limits, including four categories and a total of eleven requirements. The LTA notes that for systems, the Performance Requirement is directed at the infrastructure from the point of use to the demarcation point. The categories are as follows:
- Building Systems and Utility Systems (i.e. circuit schedules, plug sockets, gas distribution, water systems, restrooms, HVAC);
 - Fire, Life, Health & Safety;
 - Cleaning and Custodial Services;
 - General (covers delivery of Planned Maintenance Work).
- 9.3.7 For each requirement, a description of the threshold requirement is given, a type of measurement (including STOP, see below), a defined cure period (if applicable), the number of attributed Noncompliance points and a Recurrence Period in the instance of non-rectification. Failures of the Performance Requirements are to be promptly notified to the Owner, and are recorded through the monthly reports and STOP system, as described below. Noncompliance Points may also be assigned in the case that failures of the Performance Requirements are not properly reported.

- 9.3.8 The LTA finds the requirements to be well defined and clear in terms of the Developers responsibility. For commentary on the severity of the performance regime, see 5.9.
- 9.3.9 For those elements of infrastructure under the responsibility of the Owner, the Owner must maintain said elements to the Owner Performance Standards, or else incur Owner Performance Deductions. The elements included under the Owner's Performance Standards (DA, Appendix 10-A) (See Appendix C – Owner Performance Requirements.), to the extent that they fall outside of the O&M Limits are as follows:
- AGTS Signage / Info;
 - FIDS;
 - Conveyances;
 - Iconic Elements;
 - Electrical System (from the transformed to the demarcation point);
 - Natural Gas System (from the service gas line tap to the demarcation point);
 - Plumbing System (from the main lines to the demarcation point);
 - HVAC (from the central utility plant to the demarcation point);
 - Restrooms (Landside Plaza and International Meeters and Greeters Restrooms.);
 - Network (wireless, LAN and telephone systems);
 - Cleaning, finishes and custodial services (i.e. Landside Plaza and International Meeters and Greeters Restrooms, Level 6 zones adjacent to commercial units, corridors from landside plaza to the baggage claim).
- 9.3.10 The LTA notes that the thresholds for the Performance Requirements for any given Element are consistent for both the Owner and the Developer, although those requirements related to Fire, Life, Health and Safety and General (planned Maintenance) are only included in Schedule 9-A as developer related Performance Requirements.

Reporting and Auditing

- 9.3.11 During the provision of the O&M services, the Developer is required to deliver monthly reports to the Owner for review. Each report will contain information such as the summary of all maintenance for the upcoming month and previous month, a summary of O&M Services and their performance for the previous month, reports of Non-Compliance events and Unavailability Deductions and other relevant information. In addition, the Developer shall also deliver a consolidated Annual O&M Report providing similar contents for the prior year. This will be accompanied by a Renewal Work report detailing all previously conducted and planned Renewal Work for the following year.
- 9.3.12 In accordance with the QMP, the Developer will develop a program of audits to verify the quality of the O&M Services. The Owner may also audit the work with prior notice, and will use reasonable efforts to coordinate with the Developer to minimise disruption to the O&M Services.

O&M Services Plan

- 9.3.13 The Developer shall be required to develop and submit for approval, an O&M Services Plan (otherwise O&M Plan) that outlines the Developer's approach and organisation to delivery of the O&M Services. In assistance

with the development of the O&M Plan, the Owner is obliged to transfer the O&M Manuals and other information relating to existing assets within the O&M Limits, to the extent that these are available. The O&M Plan shall include, as a minimum, the following main components.

- **Project Management Plan**, items of an O&M nature including a prescribed content of sub-plans such as the Management & Staffing Plan, the Risk Management Plan, the Quality Management Plan and the Document and Data Management Plan.
- **Maintenance Plans and Service Task Orders**, to include: a schedule of Planned Maintenance and preventative Routine Maintenance, including the schedule for planned Shutdowns. An authorised Shutdown involves the closing of an O&M segment for the purposed of O&M Services. If any O&M services require a Shutdown, this is to be submitted as for Owner approval as part of the O&M Plan and the Renewal Work Plan.
- **O&M Manuals**: The O&M Plan will contain detailed Operations and Maintenance Manuals based upon its program of O&M Services. These manuals shall include the complete set of information detailing the specific operations and maintenance procedures for the execution of O&M Services.
- **Renewal Plans**: The Developer will include a detailed Renewal Work Plan which shall provide an overview of the overarching approach to Renewal work during the entire O&M Phase. Renewal Work means maintenance of any Element which is not normally included as an annually recurring cost (i.e. lifecycle works).

Renewal Work Reserve Account

9.3.14 The DA stipulates that the Developer must establish and fund a Renewal Work Reserve Account at the intervals and to the amounts determined by the Lenders. The Collateral Agency Agreement (CAA) Exhibit A states that from the Project Substantial Completion Date, the Major Maintenance (renewal) Required Balance is to be updated at the start of each semi-annual period N. The Required Balance is to measure as a percentage of the Major Maintenance Costs and Required Capital Expenditures as set out in each updated annual operating budget for the applicable semi-annual period.

Table 9-3 Renewal Reserve Account funding mechanism

Semi Annual Period	Percentage
N	100
N+1	80
N+2	60
N+3	40
N+4	20
N=5	0

Source: CAA Exhibit A

Handback Requirements

9.3.15 Upon the Termination Date, the Developer shall transfer the Project (including any upgrades) to the Owner in the condition that meets all the applicable requirements of Part III of the Technical Requirements (i.e. all O&M and Performance Requirements applicable for the Operating Period.) The Developer is required to diligently perform all Renewal Work prior to the Termination Date based on the Renewal Plan. The LTA understands that

as such, there are no specific look forward dates or inspections to calculate the balance required to meet the Handback Requirements under the DA, but that the Developer must prepare a Handback Plan detailing the plan for transition of O&M responsibilities.

9.4 Developer Proposals

O&M Services Plan

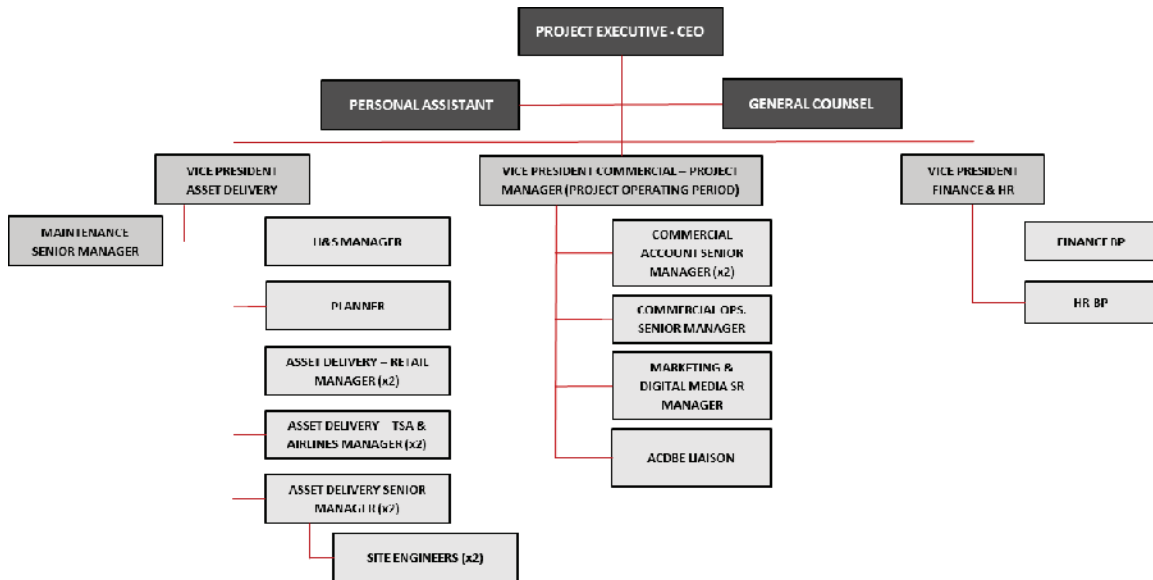
9.4.1 The LTA has been presented with a copy of the O&M Services Plan and the Project Management Plan ('PMP'), both dated 22nd of June 2017. The contents of the former contain the minimum structure outlined as per the Technical Requirements, in addition to those elements of the PMP relevant to the O&M Phase (such Project Controls Plan). The document includes other useful annexes such as a Planned Preventative Maintenance Dashboard and Asset Lists with respect to the O&M Limits.

9.4.2 The PMP includes further key information about the plans to verify quality across all stages of the Project and the structure follows the contents required within the Technical Requirements. At this stage, certain sections of both reports are a work in progress and the LTA expects these to be revised in conjunction with changes along the Project lifecycle.

Organisation & Staffing

The Developer has chosen to self-perform the O&M Services without the utilisation of a specialist maintenance company, due to a perceived limited scope and resulting cost efficiency of retaining such services at the SPV level. The proposed O&M organisational structure is seen in Figure 9-2 below.

Figure 9-2 O&M Phase Developer Organisational Structure

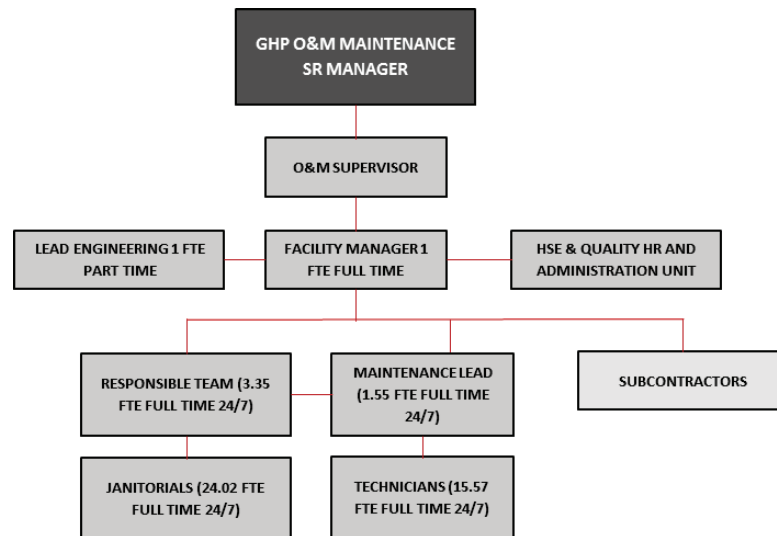


Source: O&M Plan

9.4.3 The CEO will retain responsibility of coordinating all work streams and maintain interface with the Owner. The Maintenance Senior Manager will lead the delivery of the O&M requirements and will act as the primary point of contact for interfaces between the Developer and DEN. He or she will work under the VP Asset Delivery during the D&C phase to ensure any changes made during this phase do not have negative impact during the O&M Phase.

9.4.4 It is understood that the Retail Concessions will be managed by the two retail managers. The structure of the Operating arm of the Developer is seen in Figure 9-3. The LTA notes that the remainder of the headcount for individual roles are made up of the O&M Providers contracted to provide the different services. The Developer has undertaken a bottom up analysis of the man power required to deliver the services, noting 3 shifts across a 24-hour period, 365 days a year. As illustrated, full time staff will require 3 technicians per shift, and 1 maintenance lead, 4 janitors for the morning and afternoon shifts and 2 for the night shifts, as well as a supervisor. In addition, the Developer assumes a help desk with 1 operator at a time operating 2 shifts a day. The LTA considers these to be sensible assumptions, although notes that during the bedding in period of the project, 2 operators of the customer service desks may be required as contingency.

Figure 9-3 O&M Phase Operator Structure



Source: O&M Plan

Maintenance & Renewal Work

9.4.5 Evidence is presented within the O&M Plan of the Developer’s approach to all maintenance work through establishment of a number of systems and processes. These include definition of the maintenance policy, decision trees to select the most appropriate type of maintenance, establishment of inventories, proposed information structures and methods of recording data. An example of the presentation of information related to maintenance procedure is shown in Table 9-4 below.

Table 9-4 Example choice of Maintenance Process

Eng. Plant or Services	Minimum Statutory Requirement	Implication of Failure	Age (years at 2017)	Estim. Remain. Life (Years)	Assessed Current reliability	Relative Energy use	Notes
Electrical power installation	Five yearly inspection	100% loss of building functions; no lighting or heating; no standby generator	25	5	Fair: Localized breakdown of sub circuits	N/A	Last inspection report indicates deteriorating situation. Inspect every 2 years. Ensure 24 -hour standby. Airport mgmt. to isolate sections in emergency – training needed.

Source: O&M Plan, 22nd July 2017

9.4.6 The Developer will utilise an Asset Management System for the purpose of supporting the Developer’s and Owner’s asset management objectives. To aid the Developer in development of the Asset Management System, the Developer will adopt control of the Building Information Model (BIM) of the asset from the Construction Phase. The BIM point cloud will be utilised in conjunction with a Maximo Asset Management Software to ensure complete integrated knowledge of the existing condition of all Elements during the Operations Phase.

9.4.7 The Developer is progressing with the planning of the Maintenance Schedule and frequencies of intervention. This is manifest through the Planned Preventative Maintenance Plan (PPMP) which identifies service frequencies for each Element based upon the statutory requirements, manufacturer’s recommendations and standard frequencies of replenishment. Statutory requirements and O&M equipment manuals have been identified and annexed to the O&M Plan. An extract of the PPMP for the start of the Operations Period is shown in Figure 9-4 below.

Figure 9-4 Excerpt Schedule of PPMP

Planned Preventive Maintenance Master Plan Schedule – week 1-26

DEN MASTER PREVENTIVE MAINTENANCE																	
ASSET TYPE	PRECEDENCE	ACTIVITY DESCRIPTION	UNITS	LEVEL	DURATION PER UNIT (hrs)	HOURS / YEAR	REFERENCE	1	2	3	4	5	6	7	8	9	10
EXHAUST FAN	000	2	Annual Preventive Maintenance for Exhaust Fan	04	04 / 12.0	48	12	0	0	0	0	0	0	0	0	0	0
EXHAUST FAN	1	3	Annual Preventive Maintenance for Exhaust Fan	05	04 / 12.0	120	12	0	0	0	0	0	0	0	0	0	0
FAN COIL UNIT	000	4	Quarterly Preventive Maintenance for Fan Coil Units	12	08.0	120	40	0	0	0	0	0	0	0	0	0	0
FAN COIL UNIT	000	5	Monthly Preventive Maintenance for Fan Coil Units	13	08.0	360	120	0	0	0	0	0	0	0	0	0	0
FAN COIL UNIT	1	6	Annual Preventive Maintenance for Fan Coil Units	14	08.0	360	360	0	0	0	0	0	0	0	0	0	0
FAN POWER VAV	000	4	Quarterly Preventive Maintenance for Fan Power VAV	080	010.0 / 20.0	90	360	0	0	0	0	0	0	0	0	0	0
FAN POWER VAV	000	5	Annual Preventive Maintenance for Fan Power VAV	080	010.0 / 20.0	90	360	0	0	0	0	0	0	0	0	0	0
FAN POWER VAV	1	6	Annual Preventive Maintenance for Fan Power VAV	080	010.0 / 20.0	360	360	0	0	0	0	0	0	0	0	0	0
KITCHEN VENTILATION DUCT	000	4	Quarterly Preventive Maintenance for Kitchen Ventilation Duct	04	04	48	12	0	0	0	0	0	0	0	0	0	0
SPLIT UNIT	1	6	Annual Preventive Maintenance for Split Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ROOF FANS	1	6	Annual Preventive Maintenance for Roof Fans	04	04	48	12	0	0	0	0	0	0	0	0	0	0
DRAINAGE	1	6	Annual Preventive Maintenance for Drainage Pipes	200	020.0	40	120	0	0	0	0	0	0	0	0	0	0
DOMESTIC WATER PIPES / House Bibles	1	6	Annual Preventive Maintenance for Hot and Cold Water Pipes	04	020.0	80	12	0	0	0	0	0	0	0	0	0	0
LAVATORY ASSEMBLY	000	4	Quarterly Preventive Maintenance for Lavatory Assembly	04	020.0	80	12	0	0	0	0	0	0	0	0	0	0
PUMP	1	6	Annual Preventive Maintenance for Pumps	02	020.0	40	12	0	0	0	0	0	0	0	0	0	0
TRAY ASSEMBLY	000	4	Quarterly Preventive Maintenance for Tray Assembly	04	020.0	80	12	0	0	0	0	0	0	0	0	0	0
URINAL ASSEMBLY	000	4	Quarterly Preventive Maintenance for Urinal Assembly	04	020.0	80	12	0	0	0	0	0	0	0	0	0	0
WATER TREATER	1	6	Annual Preventive Maintenance for Water Treater	02	020.0	40	12	0	0	0	0	0	0	0	0	0	0
WATER SAFETY VENTS	1	6	Annual Preventive Maintenance for Water Safety Vents	02	020.0	40	12	0	0	0	0	0	0	0	0	0	0
WATER SENSING UNIT	1	6	Annual Preventive Maintenance for Water Sensing Unit	02	020.0	40	12	0	0	0	0	0	0	0	0	0	0
LIGHTING SYSTEM	1	6	Annual Preventive Maintenance for Lighting System	000	02.0 / 1.0	1	12	0	0	0	0	0	0	0	0	0	0
MULTI-USER Telecommunications Outlets	000	4	Quarterly Preventive Maintenance for Multi-User Telecommunications Outlets	010	02.0 / 0.5	50	120	0	0	0	0	0	0	0	0	0	0
BT Network Termination	000	4	Quarterly Preventive Maintenance for BT Network Termination	01	02.0 / 0.5	50	120	0	0	0	0	0	0	0	0	0	0
FISHING	1	6	Annual Preventive Maintenance for Fishing	04	02.0	80	12	0	0	0	0	0	0	0	0	0	0

Source: O&M Plan, 22nd July 2017

9.4.8 As prescribed by the Technical Requirements, the Renewal Work Plan supports the purpose of providing all necessary information to program reconstruction, rehabilitation, restoration and anticipation of further investment during the Operations Period. The Developer has chosen to utilise the following two tools to perform capital analysis and budgeting:

- Cost Benefit Analysis
- Capital versus Expense

9.4.9 The Developer has procured an independent estimate of the renewal costs for those Elements within the O&M Limits from Aertec and Ross Baruzzini, two consultants specialising in the fields of engineering, design and airport planning.

9.4.10 As of this report, the LTA understands that all specifications for systems and finishes within the O&M Limits have been reviewed and approved by the Developer. Any subsequent changes to the scope will be approved by Developer or otherwise compensated from the Contractor, providing comfort to the LTA that budget calculation

maintains a high correlation with the actual infrastructure to be operated in maintained, following the construction period.

10 PROJECT COSTS

10.1 LTA Opinion and Key Issues

- 10.1.1 The Consortium has provided the LTA with the SPV, DB Costs, O&M Costs and lifecycle costs for review. This section of the report provides the LTA commentary on the reasonableness of the allowances made by the Consortium.
- 10.1.2 Detailed unit costs for Capex build up were not provided as such to the LTA, a high level review was therefore carried out to verify the estimates. The LTA finds comfort in the fact that the Developer and Contractor are very experienced in similar projects, including projects on Denver Airport (Saunders) and major airports (Ferrovial Agroman). Recent airport Projects include Heathrow Terminal 2, Madrid-Barajas Terminal 4 and Barcelona Airport's Terminal 1. Ferrovia Agroman is present in North America since 1999. This allows the Contractor to accurately assess the quotes returned by local subcontractors and suppliers and compare with internal benchmarks.
- 10.1.3 The Consortium has developed its cost model using a structured process involving the estimating teams, the design teams, the construction teams and other Consortium members involved in the design, construction, and maintenance of the assets.
- 10.1.4 The LTA considers that the Contractor approach to the Capex build up is appropriate and typical for similar projects. The expected components of terminal buildings and associated infrastructure for the particular scope of the project appear to be taken into account.
- 10.1.5 The Consortium has produced a lifecycle cost model, which reflects the proposed rehabilitation strategy provided to the LTA. Lifecycle Costs are limited to a relatively simple scope of works, as only part of the initially constructed areas are within the lifecycle scope of works. Due to the Project specific nature of the Lifecycle costs, overall cost benchmarking exercises are therefore difficult. The LTA focussed on assessing the costing estimation approach and build-up assumptions which are considered typical for a project of this nature. Assumptions regarding useful life, replacement intervals and cost ratios to initial capex appear reasonable. A slight downside risk might be with the flooring and carpeting as LTA benchmarks indicate shorter intervals for replacement and ratios to original capex are relatively low. However, in a downside scenario the LTA tested this impact to be maximum around 1.4% to 3.3% of the total lifecycle costs throughout the concession period.
- 10.1.6 The LTA notes that the limited O&M scope of the project reduces Opex compared to typical airport benchmarks. A bottom up approach was carried out by the Developer and their industry expert ICF to build and forecast annual operational costs. ICF applied extensive knowledge of US airport operations and staffing requirements, while Ferrovia Services used its experience in many global O&M contracts to input contractual and maintenance costs. The LTA is confident that this approach is suitable for the Project.
- 10.1.7 The LTA considers that the provision of staff levels are adequate and consistent with the functions and roles to be performed by the Developer. The functions that are expected to be covered by the Developer have been provided for in the staffing schedule. Personnel Cost growth assumptions are in-line with industry-standard practices and considered reasonable in the light of growth of traffic over the long term and no anticipated infrastructure expansions.

Table 10-1 Project Costs key issues

Subject	Description of Risk	LTA Opinion
Capex	Underestimation of Capital Expenditure for the Project could lead to additional unforeseen costs overruns.	The LTA considers that the Contractor members have sufficient experience to develop an adequate cost model estimation of a project of this nature. A typical approach was used and the LTA benchmarks indicate that the costs for the project as a whole and for main elements are within typical benchmark ranges.
Lifecycle timings	Higher degradation rates of the Project assets requiring additional Routine Maintenance works (e.g. patching) could lead to routine maintenance cost overruns throughout the concession period.	Flooring and carpeting might be slightly optimistic and a downside risk of earlier replacement or higher routine maintenance cost could occur. LTA sensitivity analysis of the intervals indicates the impact to be relatively minor around 1.4% of the total lifecycle costs.
Lifecycle replacement cost ratios to initial capex	Higher degradation rates resulting in increased replacement ratios of the Project assets.	The LTA considers that flooring and carpeting is slightly optimistic and presents a slight downside risk while other elements are relatively conservative at full replacement costs (i.e. 100% of original capex). LTA sensitivity analysis of the ratios indicates a maximum reasonable downside of around 3.3% of the total lifecycle costs and is therefore not considered significant.
Opex - Staff costs	This is the largest Opex item. Inadequate organisational structure and under resourcing could lead to revisions at a later stage and additional staffing costs.	The LTA considers that the organisational structure during both the construction phase and the operational phase are well-considered and based on the Developer's experience in other projects. Cost per employee appear in line with the LTA benchmarks.
Opex – O&M	O&M costs are closely related to the contractual obligations to comply with the Project requirements and standards. Failure to adequately estimate these costs can lead to cost overruns at a later stage in order to remain compliant with the obligations.	The LTA reviewed the assumptions and considers the build up of the costs to be robust. It is also noted that Ferrovial Services is an experienced O&M provider which provides further comfort to the LTA with regards to the reliability of the cost build up.

Source: LTA

10.2 Capital Expenditure

Developer Proposal

Developer Costing Methodology

- 10.2.1 The Capex was estimated by the Contractor using a standard approach of obtaining quotes from local subcontractors for various parts of the Project. This was benchmarked internally with Saunders extensive knowledge of the local construction market and Ferrovial Airports knowledge.
- 10.2.2 The LTA considers the internal knowledge and benchmarks should equip the Contractor with an appropriate assessment as Saunders has carried out projects on the airport before, including the hotel, which has similar

construction elements to the Great Hall. Ferrovia has wide airport construction experience and can draw on a large benchmark of terminal elements construction cost to verify the quotes returned by local subcontractors.

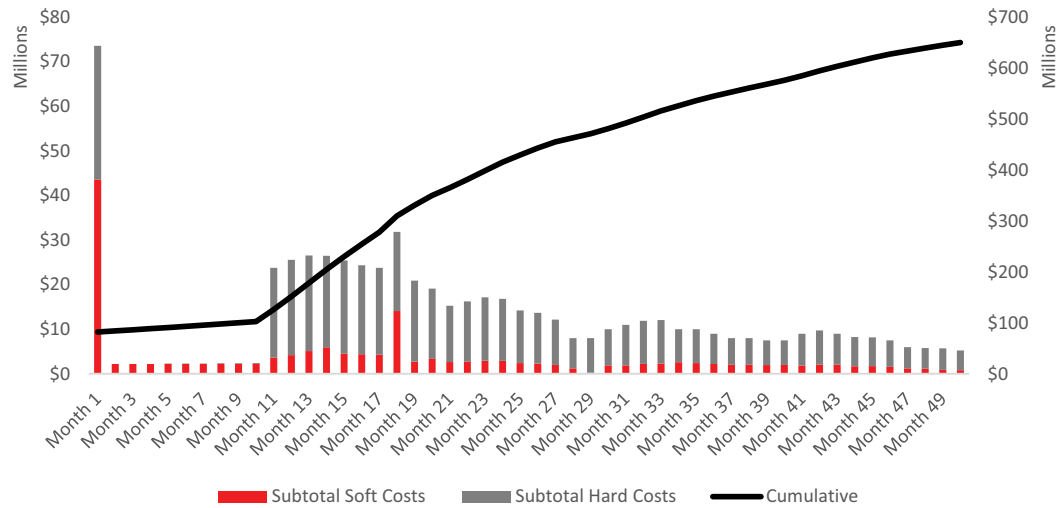
10.2.3 The majority of construction elements are relatively standard for building refurbishments and specialist typical airport systems such as Baggage handling equipment, passenger boarding bridges, security equipment, etc are not included in the scope.

10.2.4 The contingency of 3.3% applied on the hard costs of the project is considered by the LTA to be on the lower end to typical projects. However, the design is well developed and the Developer worked on the project in close cooperation with the Owner for the last year to ensure the little further variety in scope of works and concept design at this stage. The LTA therefore considers this appropriate.

Proposed Capex Forecast

10.2.5 The LTA has been provided with a breakdown of Design and Build related costs. The total final amount comes to USD 650,000,000 (nominal terms). After initial set up cost in month 1, and the design in subsequent months, first construction expenditure is forecast in month 11.

Figure 10-1 Capex Distribution



Source: Developer

10.2.6 A breakdown of the proposed Design and Build cost is set out below, per construction item, and per main area of the Great Hall.

Table 10-2 Breakdown of Capex (US\$)

	Cost Category	Total	Security Screening Checkpoint	Airline Areas in Level 6	Terminal Operation Area	Concessions Space	Public Circulation Space within the O&M limits
Soft Costs	Architectural and Engineering	\$40,258,000	\$2,721,000	\$6,652,000	\$8,551,000	\$2,953,000	\$19,381,000
	FF&E (Furniture, Fixtures and Equipment) Planning/Design	\$405,000	\$27,000	\$67,000	\$86,000	\$30,000	\$195,000
	Tests, Inspections and Surveys	\$10,865,000	\$734,000	\$1,795,000	\$2,308,000	\$797,000	\$5,231,000
	Building Permits and Approvals	\$4,455,000	\$301,000	\$736,000	\$946,000	\$327,000	\$2,145,000

	Cost Category	Total	Security Screening Checkpoint	Airline Areas in Level 6	Terminal Operation Area	Concessions Space	Public Circulation Space within the O&M limits
	Project Management Fees (including project oversight costs and Project Company cost/overhead, SPV costs, but excluding insurance)	\$102,195,000	\$6,908,000	\$16,885,000	\$21,708,000	\$7,497,000	\$49,197,000
	Development Costs (including bid development)	\$12,000,000	\$811,000	\$1,983,000	\$2,549,000	\$880,000	\$5,777,000
	Public Information and Coordination	\$1,849,000	\$125,000	\$305,000	\$393,000	\$136,000	\$890,000
	Due Diligence of existing facilities and assets	\$437,000	\$30,000	\$72,000	\$93,000	\$32,000	\$210,000
	Subtotal Soft Costs	\$172,464,000	\$11,657,000	\$28,495,000	\$36,634,000	\$12,652,000	\$83,026,000
Hard Cost	Demolition/Site Clearance	\$6,278,000	\$475,000	\$739,000	\$1,102,000	\$700,000	\$3,262,000
	Foundations and Structures	\$51,568,000	\$2,680,000	\$2,691,000	\$17,803,000	\$2,301,000	\$26,093,000
	Building Enclosure	\$27,272,000			\$14,712,000		\$12,560,000
	Building Interior	\$154,471,000	\$13,652,000	\$39,114,000	\$20,384,000	\$5,222,000	\$76,099,000
	Commercial and Foodservice Equipment	\$88,000		\$18,000	\$70,000		
	FF&E	\$13,701,000	\$209,000	\$5,438,000	\$1,404,000	\$188,000	\$6,462,000
	Systems						
	- Mechanical/HVAC/Plumbing	\$103,175,000	\$6,626,000	\$13,444,000	\$18,439,000	\$18,276,000	\$46,390,000
	- Conveyances	\$20,326,000		\$5,816,000	\$3,297,000	\$370,000	\$10,843,000
	- Electrical	\$43,488,000	\$4,133,000	\$3,903,000	\$12,256,000	\$4,288,000	\$18,908,000
	- Electronic Safety and Security	\$10,516,000	\$899,000	\$1,114,000	\$2,013,000	\$934,000	\$5,556,000
	- IT and Communications	\$17,251,000	\$1,532,000	\$2,121,000	\$3,835,000	\$569,000	\$9,194,000
	- Fire Suppression and Life Safety	\$5,638,000	\$466,000	\$577,000	\$1,072,000	\$441,000	\$3,082,000
	Hard Cost Contingency	\$15,431,000	\$1,043,000	\$2,550,000	\$3,278,000	\$1,132,000	\$7,428,000
	Subtotal Hard Costs	469,203,000	\$31,715,000	\$77,525,000	\$99,665,000	\$34,421,000	\$225,877,000
	Subtotal Soft and Hard Costs	641,667,000	\$43,372,000	\$106,020,000	\$136,299,000	\$47,073,000	\$308,903,000
	Insurance PDA phase				\$70,000		
	Insurance D&C phase				\$8,263,000		
	Total				\$650,000,000		

Source: Developer

LTA Analysis

10.2.7 The LTA has carried out a high level review of the Developer Capex by benchmarking the Project allowances against equivalent allowances made on other projects that are considered similar in scope and location. Unit rates used by the Contractor were not provided to the LTA and the review was therefore carried out based on an analysis of the cost allowances per square foot across the various Project areas.

10.2.8 The scope of the construction works is not typical for an airport, as it only includes two levels of the main hall and therefore excludes typical airport terminal elements such as baggage handling systems and passenger boarding bridges.

10.2.9 Due to this nature of the scope, the Project therefore considered more comparable to shopping malls and other large retail assets, since similar facilities are included in these buildings and layout and architectural design is similar. Such projects are therefore also taken into account in the benchmark exercise.

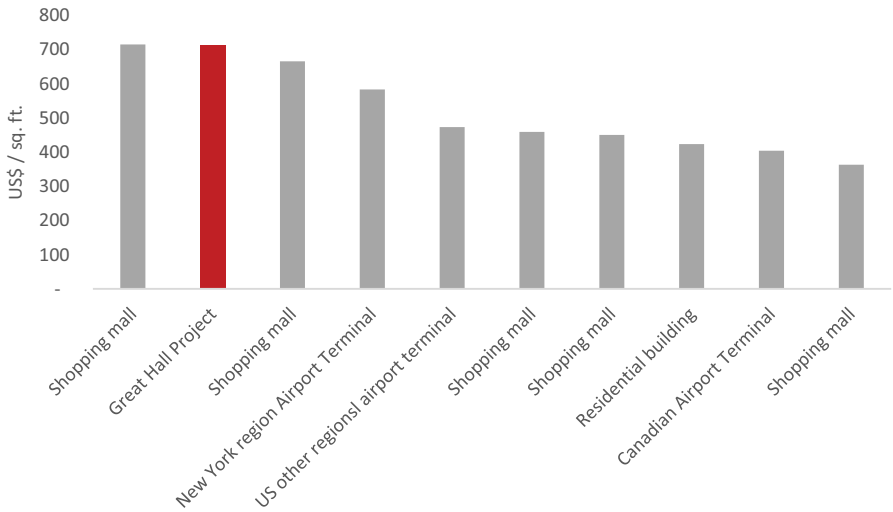
10.2.10 The LTA carried out a top-down review of overall project costs and soft costs forecast. Then main elements of the construction were reviewed on a cost per square foot basis. The results of the benchmarking review of the most significant cost elements are presented in the remainder of this section. As seen in the table above, the main construction elements are:

- Architecture and Engineering
- Project Management fees
- Building Interior
- Building systems (Mechanical/HVAC/plumbing)

Overall Cost Verification

10.2.11 The overall cost of the project per sq ft is US\$ 713. The LTA has benchmarked the cost allowed against comparable new airport terminal buildings and shopping malls in the US, as shown in the table below. shopping malls are considered a reasonable benchmark due to the similar scope of the works. As the project is on the higher end of the scale the LTA therefore considers the risk of cost overruns to be limited.

Figure 10-2 Project Cost/ sq ft Benchmark

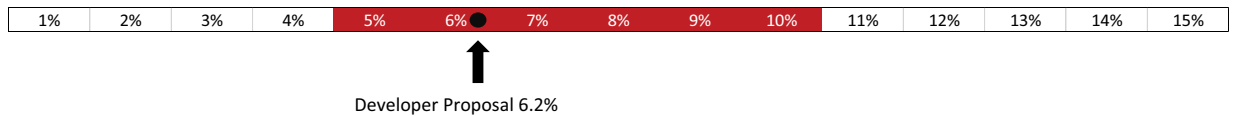


Source: LTA Analysis

Architecture and Engineering

10.2.12 A total allowance of US\$ 40.258m, equivalent to 6.2% of the DB Costs, has been considered for design works. This fits within the benchmark of the LTA, ranging between 5% and 10%, as shown below. The LTA considers that the 10% is for relatively complex projects and for this project the allocation for designs appears appropriate.

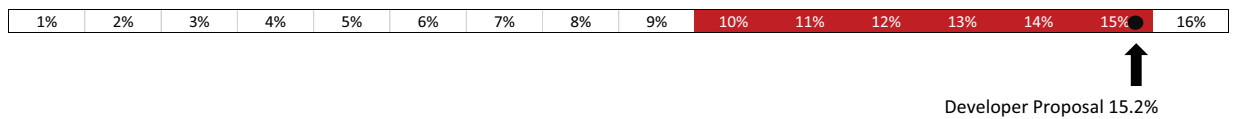
Figure 10-3 Design % of Total Benchmark



Project Management Fees

10.2.13 The project management fees include project oversight costs and Project Company cost/overhead and SPV costs. A total value of US\$ 102.195m. As can be seen this is at the higher end of the scale of the typical LTA benchmark projects, however within acceptable range.

Figure 10-4 Project Management % of Total Benchmark



Building Interior

10.2.14 This is a major cost element of the capex breakdown with 23.8% of the total capex, and a value of US\$ 154.471m. It includes the internal fit out of the Project. As this is a refurbishment project, the LTA would expect this to be a main cost element. The rates per sq. ft. per specific area of the Great Hall are as follows:

Table 10-3 Building Interior Cost/sq ft

	Security Screening Checkpoint	Airline Areas in Level 6	Terminal Operation Area	Concessions Space	Public Circulation Space	Total floor area
building interior cost/sq ft	US\$179	US\$421	US\$126	US\$54	US\$157	US\$170

Source: Developer

10.2.15 Considering the scope of works, costs associated with airline areas in level 6 have the highest costs per sq ft. (US\$ 421) which is consistent with the LTA expectations as this includes the remodelling from 3 to 2 MODS on either side and the airline facilities. The concessions space will be delivered as ‘white boxes’ to the sub-concessionaires and is therefore expected to be the lowest.

10.2.16 New build US airport terminal projects indicate the range per floor area to be around US\$ 200 - 250 per square feet for an entire terminal with concessions space included. A slightly lower rate for the Great Hall project is therefore considered reasonable as fit out of the concessions space is not within the D&C scope. Where this scope does involve heavy interior works, being the airline check-in areas, it can be seen that a higher cost per sq ft applies.

Building Systems

10.2.17 This items accounts for 30.8% of total capex, with a total value of US\$ 200.3945m. It includes costs all mechanical equipment such as lifts and elevators, as well as HVAC and pipework throughout the building. HVAC is the largest proportion of building systems cost (over 50%). In addition, it includes electrical systems, IT, and Conveyances.

10.2.18 The systems cost per sq ft. for the various areas of the Project are shown below. They are roughly spread equally around the various areas, which is consistent with the LTA’s expectations, as all areas will be passenger facilities and require HVAC, mechanical systems conveying, etc.

Table 10-4 Building systems Cost/ sq ft

	Security Screening Checkpoint	Airline Areas in Level 6	Terminal Operation Area	Concessions Space	Public Circulation Space	Total floor area
systems cost/sq ft	US\$179	US\$290	US\$254	US\$259	US\$194	US\$237

Source: Developer

10.2.19 The LTA notes that this compares high to new build airport terminal projects with a range around US\$ 90-120 per square feet. The LTA would consider this is due to the nature of the project whereby the refurbishment of existing limited floor area of the entire terminal requires a high volume of systems construction. The scope includes systems such as HVAC for the entire building to be replaced, contributing to the higher cost per project floor area.

10.3 Lifecycle Costs

Developer Proposal

10.3.1 The Developer commissioned an expert consultant to prepare a forecast of the Lifecycle maintenance costs within the scope of the Project.

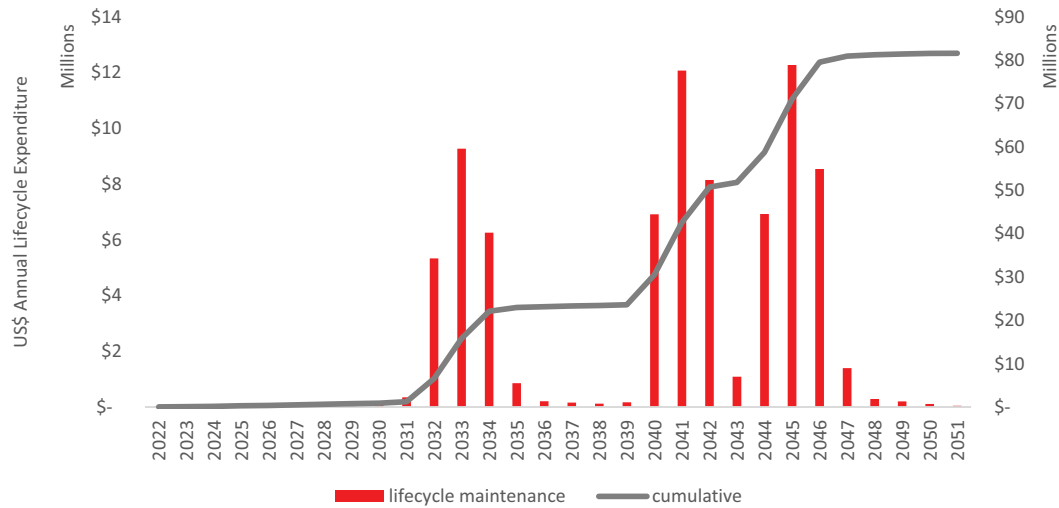
10.3.2 The lifecycle maintenance scope solely concerns the infrastructure within the O&M limits of the Project, as detailed in section 9 of this report, and covers the concession period of 34 years after financial close.

10.3.3 The approach to the lifecycle forecast is set out in the report *REPEX Assessment Report, dated 26th May 2017, by Artec and Ross&Baruzzini*. A high level summary is provided below:

- All infrastructure items as per the Capex programme are listed with their initial Capex value;
- A % is applied to the portion of these facilities within the O&M limits;
- Useful life per facility is estimated for full replacement cost;
- Intermediate partial replacement periods with associated % of initial capex value are estimated;
- Partial and full replacement cost distributed along an investment period (1,3, or 5 years) along the replacement time.

10.3.4 The LTA has reviewed the approach for Lifecycle costs estimation and considers this to be standard best practice in airport projects. Correct sources for lifespans have been taken into account, the application of % of capex to lifecycle periods is considered standard, and a distribution through a number of years for each lifecycle event has correctly been applied. Applying this methodology leads to the following lifecycle expenditure forecast (nominal).

Figure 10-5 Developer Lifecycle Forecast



Source: Developer financial model outputs

10.3.5 The proposed cost estimation includes the following items (in real terms). The interior costs include all walls, floors, ceilings furnishing, signage, etc, within the terminal.

Table 10-5 Lifecycle Breakdown

Facility Element	Total Lifecycle cost over 34 years (US\$ real)	% of Total
Interior	24,453,514	49.7%
HVAC	13,194,785	26.8%
Fire protection	164,768	0.3%
Plumbing	2,897,869	5.9%
Electrical system	2,999,825	6.1%
Communication system	2,811,617	5.7%
Contingency	2,725,000	5.5%
Total	49,247,378	

Source: REPEX Assessment Report

LTA Analysis

10.3.6 The scope for this particular project is very different from other terminal projects due to the O&M limits. Overall outputs are therefore considered unsuitable for benchmarking. The LTA therefore focusses on the assumptions used to achieve the lifecycle output.

10.3.7 The lifecycle scope is as the O&M scope, defined in section 9 of this report. This means that while the Developer constructs all elements of the Project, the lifecycle responsibilities and associated costs only apply to a limited part of this.

10.3.8 The key assumptions driving the lifecycle cost are the replacement periods and the % of original capex considered for each replacement event.

Lifespans and Replacement periods

10.3.9 The LTA benchmarks the lifespans and replacement periods as in the following table. It is noted that industry standard sources are used by the Developer’s advisor to derive these timings.

Table 10-6 Lifespan and Replacement periods

Facility Element	Developer Lifespan	Developer Replacement period	LTA Opinion
Interior			
<i>Ceilings</i>	20	20	Adequate, benchmark between 15-20 years for replacement period
<i>Carpentry</i>	30	25	Replacement time considered high, benchmark between 10-15 years
<i>Partitions, floors, lining and glazing</i>	30-50	12	Lifespan for floors high, benchmark around 15-20 years replacement
<i>Furniture and paint</i>	12	12	Adequate, benchmark between 15-20 years
HVAC	20	20	Adequate, In line with benchmarks, 15-20 years lifespan
Fire protection	25	20	Considered high, LTA benchmarks around 15 years. However, only sprinklers within Developer scope.
Plumbing	20 (fixtures) to 40 (pipes)	12	Adequate, benchmark 20 years lifespan, 12 years replacement
Electrical system	20 (lighting) to 40 (cables)	12	Adequate, benchmark 10-15 years replacement
Communication system	30	12	Intermediate replacement periods considered adequate

Source: REPEX Assessment Report and LTA analysis

10.3.10 The LTA considers the timings for replacement mostly within the expected range. A number of elements are considered to be slightly more optimistic, being mainly carpentry, flooring and fire protection. It is noted however that only the sprinklers of the fire system are within the Developer scope. The flooring and carpeting could present a slight downside risk.

10.3.11 The LTA performed a sensitivity analysis to consider shorter intervals and notes that due to the concession period, even a shorter interval might not lead to additional replacement events. Reducing cycles for carpentry and fire sprinklers would lead to an increase in lifecycle costs of around 1.4% over the total concession period.

Replacement Percentage

10.3.12 The LTA benchmarks the ratios of lifecycle percentage of original capex as in the following table.

Table 10-7 Replacement % Benchmark

Facility Element	Developer Replacement Ratio	LTA Opinion
Interior		

Facility Element	Developer Replacement Ratio	LTA Opinion
<i>Ceilings</i>	100%	Full replacement considered appropriate
<i>Carpentry</i>	35%	Only one partial replacement applied in the lifecycle while full replacement is required after 30 years. The LTA considers this optimistic and some increased routine maintenance might be incurred.
<i>Partitions, floors, lining and glazing</i>	<i>Partitions (30%), floors (8%), lining (15%) and glazing (25%)</i>	LTA considers the flooring ratios are relatively low.
<i>Furniture and paint</i>	100%	Full replacement considered appropriate
HVAC	100%	Full replacement after 20 years in line with Benchmarks
Fire protection	100%	Full replacement considered appropriate
Plumbing	20% for pipes, 100% for fixtures etc	The LTA considers this slightly optimistic as benchmark indicates around 50% ratio
Electrical system	100% for distribution board, 25% for other components	Full replacement of distribution board after 20 years and part replacement of other components at shorter intervals around 12 years considered adequate.
Communication system	100%	2 full replacements within the concession period considered adequate.

Source: REPEX Assessment Report and LTA analysis

10.3.13 In general the LTA considers the replacement ratios in line with benchmarks relatively conservative with full replacements at 100% of original costs for many elements. The flooring and carpentry present slight downside risk as relatively low ratios are applied in addition to long intervals between replacement events.

10.3.14 The LTA performed a sensitivity analysis to consider higher replacement quantities. Increasing replacement ratios for floors, carpentry, glazing and plumbing would lead to an increase in lifecycle costs of around 3.3% over the total concession period.

10.4 Operational Costs

10.4.1 This section reviews the Consortium’s estimated operating costs, assessing the approach and results. The review is based on the *Bond Feasibility Report, prepared by ICF*.

10.4.2 The LTA notes the specific scope of the project O&M responsibilities, which makes benchmarking outturn costs with other airports unreliable. The focus was therefore on the verification of cost build up and assumptions, with spot checks where possible and relevant.

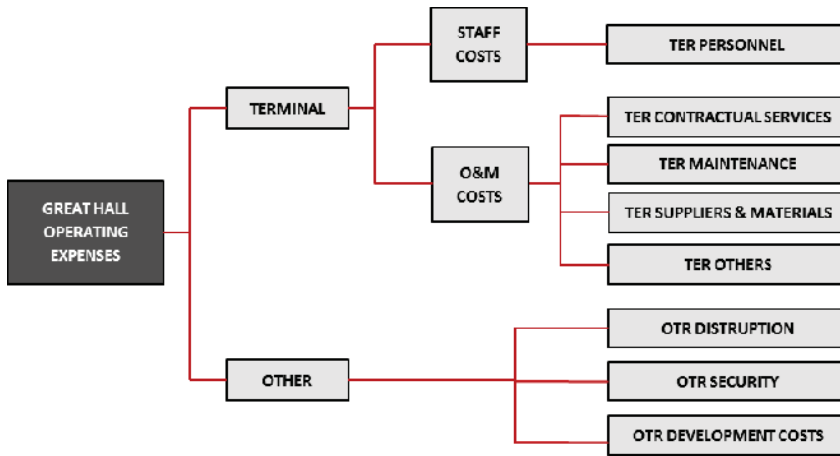
Developer Proposal Overview

10.4.3 The Developer’s responsibility for operating costs covers the O&M limits, as set out in more detail in chapter 9, within the Great Hall. ICF developed a forecast of operating expenses for this scope based on a bottom-up analysis and relevant US benchmarks. The personnel cost estimates have been provided by Ferrovial based on relevant US benchmarks and data from Ferrovial’s other US assets.

10.4.4 The operating costs are structured as follows:

- In-terminal operating expenses:
 - Staff costs, including personnel costs, administrative and operational expenses;
 - O&M costs, for which Ferrovial Servicios provided the contractual services and maintenance cost estimates;
- Other Opex, such as third party costs for project development purposes, outreach activities and events etc.

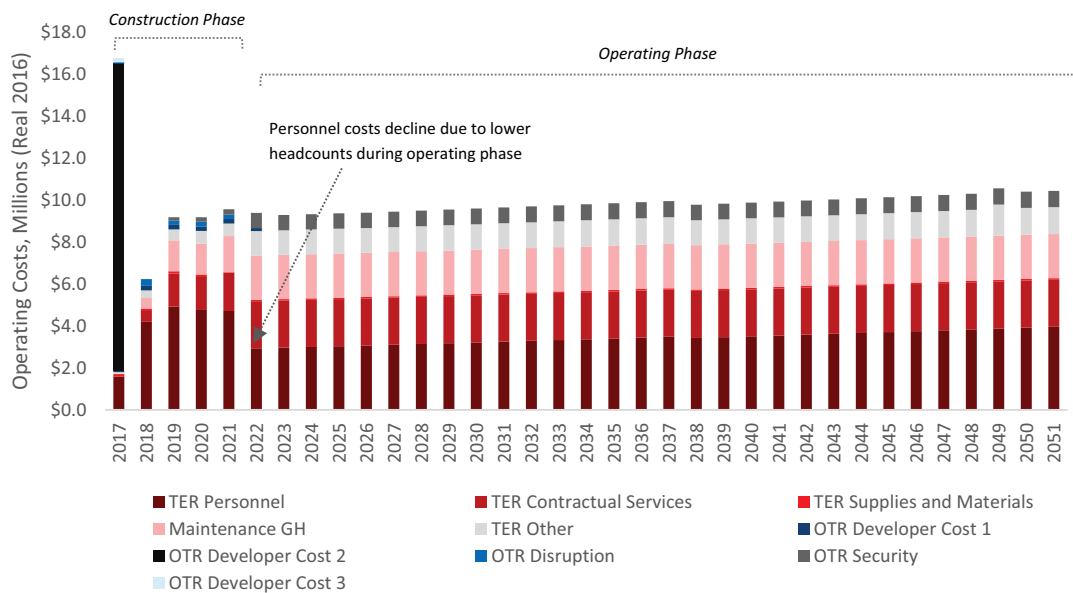
Figure 10-6 Great Hall Operating Expenses Structure



Source: ICF Bond Feasibility Report

10.4.5 A breakdown of operational costs during the construction phase and operational phase is set out below. Annual Opex growth is forecast via a standard approach, based on elasticities to growth drivers such as O&D enplanements, terminal space and real growth (incremental to inflation).

Figure 10-7 Operating Costs



Source: ICF Financial Model

- 10.4.6 Developer costs account for a relatively large share during the first year of the construction phase. These are third party costs for project development purposes, such as design and other advisory services. During the subsequent years of the construction phase, a significant share of costs is allocated to personnel, contractual services and maintenance.
- 10.4.7 Personnel costs decline during the operating phase due to the lower GHP headcounts. As expected, security costs and other terminal costs (i.e. insurance, supplies and materials, marketing, office space) are higher as compared to the construction phase.
- 10.4.8 As can be seen, opex per year remains relatively stable throughout the concession period. The LTA notes that this is to be expected as no further infrastructure expansions within the O&M limits are planned, and typical opex elements that grow with a high passenger elasticity (such as operational personnel) is not within the scope.

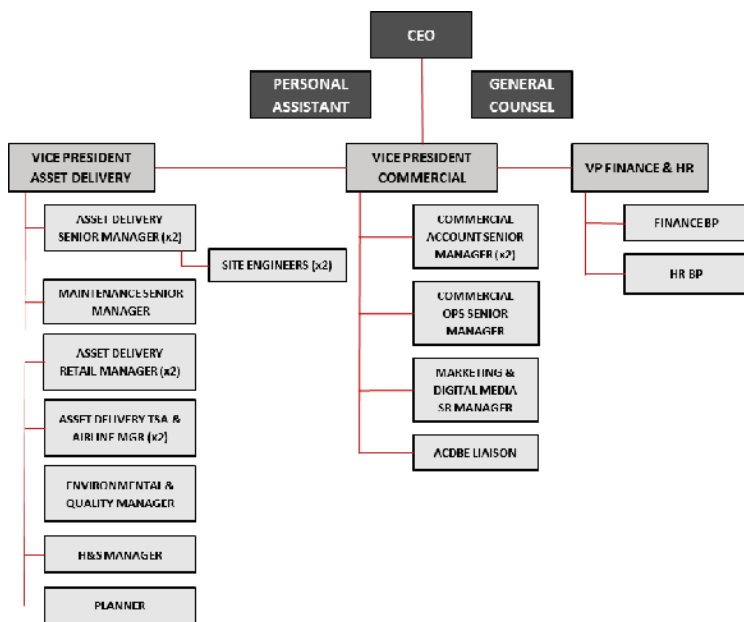
Staff Costs

- 10.4.9 The staff cost item within Opex comprises the overhead rather than operational staff, which is included in the contractual costs.

Construction Phase Developer Proposal

- 10.4.10 The GHP organisation structure during the construction phase is shown in the figure below.

Figure 10-8 Denver Great Hall LLC Organisational Structure during the Construction Phase



Source: The Developer

- 10.4.11 25 people will be employed during the construction phase, with an average staff cost per employee of US\$166,189 (including benefits and company costs).
- 10.4.12 The following reports have been used by Ferrovial to determine the salaries/compensation by role:

- 2016 US Total Remuneration Survey – Mercer
- 2016 US Market Pricing & Benefits – Willis Towers Watson
- 2016 Pay Ranges & Job Titles Report – City & County of Denver / Office of Human Resources

- 2016 Headhunters compensation package data per person
- Ferrovial US Compensation & Benefits data – Internal Source

10.4.13 Ferrovial then considered the size of the company, target market and the level of responsibility of each role to set the compensation and benefits of the new positions.

LTA Analysis of Construction Phase Staff Costs

10.4.14 The table below shows the staff costs per type of role during the construction phase and the comments by the LTA.

Table 10-8 Staff Costs during the Construction Phase

Role	Construction Phase	Total Annual Cost (real 2016 prices)	LTA Opinion
Executive Director and Staff (3)	CEO Personal Assistant General Counsel	US\$759,645	The LTA considers the CEO staff costs reasonable based on LTA benchmarks of executive staff costs averaging US\$450k and Personal Assistant staff costs ranging between US\$60k-US\$80k ³ . Total costs are higher compared to the operational phase due to the costs for a General Counsel (salaries typically ranging from US\$140-US\$216k ²).
Asset Delivery (13)	VP Asset Delivery Planner Asset Delivery – Retail Manager Health & Safety Manager Environmental & Quality Manager Asset Delivery – TSA & Airlines Manager Asset Delivery – Senior Manager Site Engineer Maintenance Senior Manager	US\$1,786,223	Reasonable given the average cost of US\$137,401 per employee. LTA benchmarks indicate, Vice President/General Manager salaries ranging from US\$124k-US\$282k (excl. 35% costs) in medium sized companies in the West, whilst Civil Engineer costs are approximately US\$57k-US\$76k (excl. 35% costs) ² .
Finance (3)	VP Finance & HR Finance Business Partner HR Business Partner	US\$467,444	Justified based on the average cost of US\$155,815. LTA benchmarks show that salaries for a VP Human Resources range between US\$147-US\$385k ² (excl. 35% costs).
Commercial (6)	VP Commercial Commercial Account Senior Manager Commercial Operational Senior Manager ACDBE liaison	US\$1,254,078	Average staff costs of US\$209k reasonable given the high-profile roles and LTA benchmarks of US\$173k-US\$496k for Senior VP Sales.

³ Robert Half US Salary Guides (2016), Lee Hecht Harrison US Salary Guide (2016) and US Bureau of Labor Statistics (2016)

Role	Construction Phase	Total Annual Cost (real 2016 prices)	LTA Opinion
Total (25)		US\$4,267,390	The LTA considers the average staff cost of US\$166,189 to be reasonable given the number of asset delivery staff and legal experts during this phase.

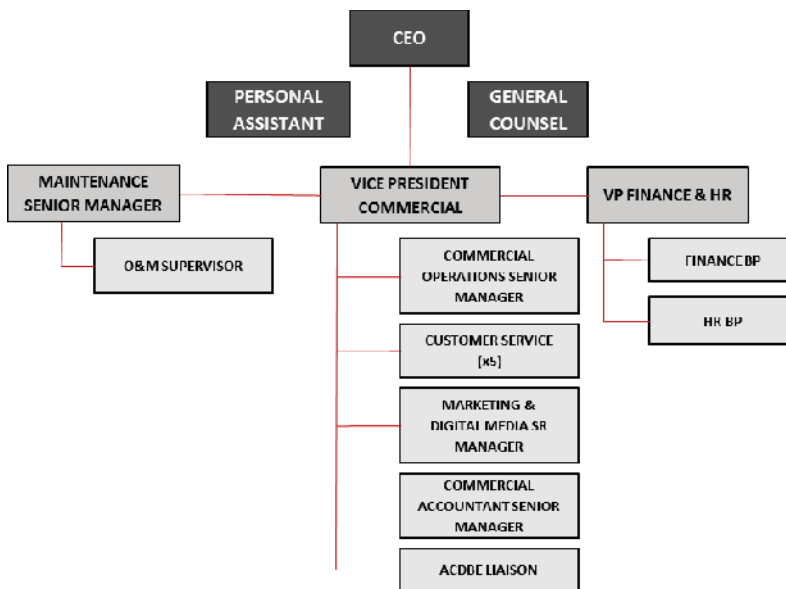
Source: Ferrovial

Operational Phase Developer Proposal

10.4.15 A total of 18 people will be employed during the operational phase with an average staff cost of US\$133,102 per employee including benefits and company costs.

10.4.16 The graph below shows the Developer’s organisational structure during the construction phase.

Figure 10-9 Denver Great Hall LLC during the Operational Phase



Source: The Developer

LTA Analysis of Operational Phase Staff Costs

10.4.17 Staff costs will be lower during the operational phase, as asset delivery staff and other expert roles are no longer necessary. The table below shows the staff costs per different type of role.

Table 10-9 LTA Opinion on Staff Costs during the Operational Phase

Role	Construction Phase	Total Annual Cost (real 2016 prices)	LTA Opinion
Executive Director and Staff (2)	CEO - local Personal Assistant	US\$432,730	Staff costs decline compared to the construction phase as the General Counsel is no longer necessary in this phase. Based on the average staff costs described in Table 10-8, the LTA considers the staff costs for the CEO and Personal Assistant still reasonable.

Role	Construction Phase	Total Annual Cost (real 2016 prices)	LTA Opinion
Finance (3)	VP Finance & HR – local Finance Business Partner HR Business Partner	US\$479,655	Justified increase as staff costs are adjusted by inflation.
Commercial (10)	VP Commercial – New profile (promotion) Commercial Account Senior Manager Communication, Marketing & Digital Media Senior Manager ACDBE Liaison Commercial Operations Senior Manager Customer Services	US\$1,261,529	Average cost of US\$126k per employee for commercial roles is relatively low compared to the construction phase due to more roles at the lower end of the salary scale (i.e. Customer Service representatives). Staff costs are considered reasonable as costs for customer service representatives range between US\$65k-US\$120k, whilst average costs for account managers in middle sized companies in the West of the US averages US\$150k ³ .
O&M (3)	Maintenance Senior Manager O&M Supervisor	US\$252,239	In line with LTA benchmarks ⁴ .
Total (18)		US\$2,426,153	Average staff costs per employee decline as compared to the construction phase. The LTA considers this is because the General Counsel and asset delivery staff are no longer necessary in this phase. However, staff costs are still considered reasonable.

Source: Ferrovial

LTA Opinion on Staff Cost

10.4.18 The LTA considers that the organisational structure during both the construction phase and the operational phase are well-considered and based on the Developer’s experience in other projects.

10.4.19 Ferrovial uses reliable benchmarks in its bottom-up analysis of compensations and benefits. Assumptions are based on data from industry experts and the local government. In addition, Ferrovial used its expertise and benchmarks of other US assets to determine personnel costs.

10.4.20 It is reasonable that compensation/benefits decline after the construction phase, as asset delivery staff will leave and there will be more roles at the lower end of the salary scale (i.e. Customer Service).

O&M Costs - Terminal Contractual Services and Maintenance

Developer Proposal

10.4.21 The O&M costs take the O&M limits, demarcation points, performance requirements into account. It comprises cleaning, routine maintenance and consumables. The costs are based on the following assumptions:

- Cleaning staff is included in this cost item and based on 3 shifts, 24/7 service, 365 days;
- Cleaning surface: 9,870m² public circulation; 208m² restrooms; 470m² office;
- Cleaning: 1 supervisor, 4 janitors during the morning and afternoon shift, 2 janitors during the night shift;

⁴ Robert Half US Salary Guides (2016), Lee Hecht Harrison US Salary Guide (2016) and US Bureau of Labor Statistics (2016).

- Spare parts and consumables included;
- Subcontractors for fire suppression system, BMS and Legionella included;
- Maintenance: 3 technicians, 1 maintenance lead per shift;
- License to run the CMMS (Maximo software) included;
- 1 Contract Manager;
- Mobilisation period of 2 months for manpower and two months for managers during the first phase of construction, a FM Manager, a LEED engineer and costs during the PDA phase.

10.4.22 The table below shows a breakdown of operation costs during the first full year of operation (2022). In the subsequent years, the price will grow by inflation.

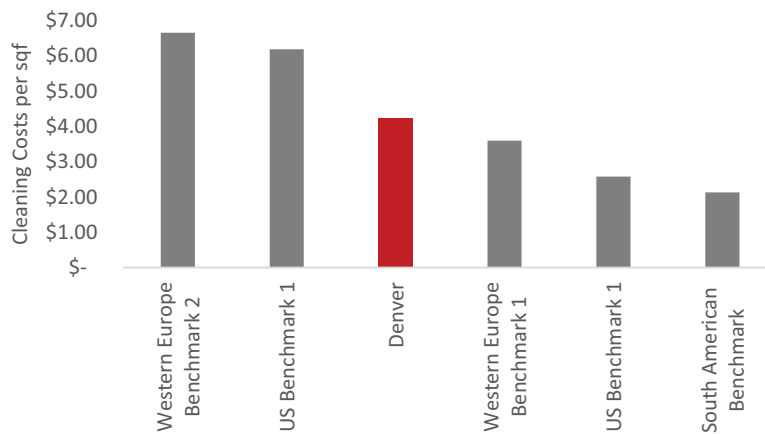
Table 10-10 Annual Operations Costs (Non-Concession Related)

Cost Category	2022 (in 2016 real prices)
Janitorial (incl. window/floor cleaning)	US\$2,197,644
Waste Management	US\$44,850
Total	US\$2,242,494

Source: Ferrovial

10.4.23 Janitorial costs correspond to US\$4.24 per square foot (considering the total project area). The chart below shows that this is in line with LTA US and European benchmarks ranging from US\$2.60 to US\$6.20.

Figure 10-10 Janitorial cost benchmark



Source: Infrata analysis

10.4.24 The table below shows the estimated annual maintenance costs in 2022. The LTA notes that these maintenance costs include all relevant costs within the scope. The cost category of mechanical/HVAC/plumbing covers the largest share of maintenance costs. This is reasonable, as these systems are critical to this type of project/scope.

Table 10-11 Annual Maintenance Costs

Cost Category	2022 (in 2016 real prices)
FF&E	US\$244,013
Mechanical/HVAC/Plumbing	US\$1,263,111

Cost Category	2022 (in 2016 real prices)
Electrical	US\$157,405
IT and Communications	US\$44,346
Fire, Life and Safety	US\$1,828
Other ⁵	US\$395,445
Total	US\$2,106,148

Source: Ferrovial

LTA Opinion on main O&M costs

10.4.25 ICF uses standard assumptions for the estimation of O&M costs in the base year. In the subsequent years, the costs will grow by inflation.

10.4.26 The LTA reviewed the assumptions and considers the build up of the costs robust. It is also noted that Ferrovial Services is an experience O&M provider which comforts the LTA to the reliability of the build up costs.

10.4.27 Outturn cost verification by the LTA indicates that overall, the projections per passenger correspond to European and US benchmarks.

Other O&M Costs - Supplies and Materials

10.4.28 The table below shows ICF's approach in forecasting the other O&M costs. In addition, the LTA provides an opinion on each of the categories.

Table 10-12 Other O&M Costs - ICF Approach and LTA Opinion

Category	ICF Approach	LTA Opinion
Electricity	Based on historic figures for Concourse C, ICF assumed that the Great Hall will consume 23 KWh/sq ft/year at a cost of US\$0.07 per KWh (excluding a monthly fee of US\$10.75). ICF has grown the electricity expenses from the base value with a 0.2 elasticity to passenger growth.	Typical benchmark airport electricity consumption is between 20 and 30 KWh per square foot of a passenger terminal. Therefore, the estimated 23 KWh/sq ft/year by ICF is considered adequate. Escalation assumptions are considered reasonable, as electricity elasticities to passenger growth generally range between 0.2 and 0.3.
Water & Wastewater	ICF estimated the Great Hall's water usage based on a review of Denver's historical water usage and other US airports. ICF assumes that the Great Hall requires 30 gallons/sq ft of terminal space. In addition, waste and wastewater costs will grow from the base value with a 0.8 elasticity to passenger growth.	Justifiable as benchmark water usage is in the region of 29 (LAX) and 36 (ATL) gallon/sq ft. 0.8 elasticity to passenger growth is a fair assumption, as 0.7-0.8 is an often-considered elasticity range.
IT Systems & Communications	ICF estimates that the costs for IT Systems and Communications will be around US\$70,000 per year, which corresponds to US\$0.14 per sq ft.	Lower than the LTA's benchmarks. However, this is considered to be due to the limited scope of the O&M which excludes full building management systems etc.

⁵ Specified by ICF as "CAM A and CAM B costs".

Category	ICF Approach	LTA Opinion
Supplies and Materials	Based on other US airports, ICF assumes that supplies and materials will cost US\$0.26 per sq ft.	The LTA considers the US\$0.26 reasonable, as US benchmarks range from US\$0.11 to US\$0.70 per square foot. The Great Hall can be found at the lower end of the benchmarks because activities are less aviation related.
Insurance	Insurance costs are estimated based on a due diligence report provided by Willis Tower Watson. Insurance costs will be US\$76,000 per year during the construction phase and US\$382,000 per year during operations (in 2016 terms).	N/A
Office Space	ICF assumes that the Developer will pay US\$59 per square foot and grows this based on inflation.	In line with the rates and charges of the Owner.
Marketing Fund	ICF calculates the costs at 0.5% of commercial sales.	Justified as commercial revenues are passed through to costs.
Handback Report	ICF included a one-off cost in 2049 for producing a handback report 24 months prior to the concession expires.	The cost of the handback report is around US\$200k.

Source: LTA Analysis

10.4.29 In addition, the following costs have been included in the Financial Model:

Table 10-13 Other Operating Expenditures

Category	Description	Approximate Cost (real 2016 prices)
OTR Developer Costs (pre-financial close)	Third party costs for project development purposes	US\$15,900,000 (cumulative)
OTR Disruption (Construction)	Outreach activities and events, GH Training Center start-up costs, IT costs	US\$1,000,000 (cumulative during construction Phase)
OTR Security (Operating Period)	CAM C; Goods Delivery Logistic	US\$725,000 per year

Source: ICF

10.4.30 Security costs relate to the delivery of goods and are lower during the construction phase. During this phase, commercial units are not in full operation and are located in the landside area, which implies a lower operational complexity. During phase 2, 3 and 4 the estimated cost is US\$217,000 per year. In the base year (the first full year of operations in 2022) ICF assumed a security cost of US\$725,000 (in 2016 prices). From this year, ICF grows security costs at 20% elasticity to passenger growth.

LTA Opinion on other O&M costs

10.4.31 The LTA considers that in general, assumptions in relation to consumption and elasticities to passenger growth are in line with industry benchmarks.

10.4.32 In summary, ICF assumed an elasticity to passenger growth of 0.2 for electricity and 0.8 for waste and wastewater, both considered consistent with industry wide benchmarks. In relation to consumption, ICF assumed 30 gallons per square foot of terminal space, which corresponds to LTA benchmarks (Table 10-12). Other consumption costs can be found at the lower end of the benchmarks because activities are less aviation related (i.e. IT and supplies & materials).

11 TRAFFIC FORECAST REVIEW

11.1 LTA Opinion and Key Issues

- 11.1.1 This section reviews the Sponsor’s traffic forecast for key risks relevant to lenders and bondholders. Thus, our focus will be on risks which could present material downside impacts on traffic through the Great Hall during the Project term.
- 11.1.2 In the LTA’s view, the Sponsor’s Base Case forecast is reasonable. It presents modest growth at a level expected of a major domestic hub in a mature market. The Base Case adopted by Denver Great Hall LLC is that produced by the Owner which owns the airport, henceforth referred to as the Sponsor’s Base Case (SBC). It is moderately lower than ICF’s forecast, having been built on a lower base than actual traffic for 2015 and 2016. Having analyzed ICF’s assumptions, the LTA finds them suitably conservative and in line with industry and broader expectations. The LTA has analysed the key issues around ICF’s assumptions and presented its own conclusions in the table below.
- 11.1.3 In the interests of considering reasonable worst-case scenarios which may pose risks to lenders, the LTA also requested some sensitivities. These revolved around the most damaging potential shift of airlines possible if a new terminal opens, the maximum possible use of bypasses to the Great Hall, and the collapse of one of the airport’s three hub carriers. The impacts, in terms of decreases relative to the SBC, ranged from 6% over many years to 20% in any one year. In the LTA’s opinion, these should not pose substantial risk to the project’s overall traffic profile over a significant period of time.

Table 11-1 Summary of Key Traffic Issues

Subject	Description of Risk	LTA Opinion
Economic Growth	Denver Region’s GDP is key driver of forecast. Lower than expected GDP could reduce traffic.	ICF has assumed suitably conservative economic growth projections.
Derived Elasticities	Level of traffic stimulation from economic growth. If overestimated, could reduce traffic.	Assumed values are within median range of industry estimates and more conservative than LTA’s parallel check.
Maturity	Market maturity over time implies less stimulation of traffic from economic growth.	International elasticity decays as expected. Domestic is held constant though this is mitigated by conservative GDP forecasts.
New Terminal	Diversion of traffic to potential new terminal will take traffic away from Great Hall.	ICF has made reasonable assumptions about how much traffic is likely to shift.
Impact of the Pedestrian Bridge between the Great Hall and Concourse A	ICF has assumed a constant share of the Great Hall’s Origin-Destination (‘OD’) passengers being diverted away from the Retail Plaza via the Pedestrian Bridge to Concourse A.	Though ICF’s approach is data-driven, this proportion may change if airlines in Concourse A grow faster than airport as a whole. Having tested this, the LTA considers it of a relatively low impact overall.

Subject	Description of Risk	LTA Opinion
New Route: Stimulation vs Shift of Domestic Passengers	New routes shifting passengers who formerly connected via other domestic hubs.	While ICF’s assumptions of how much of these routes’ traffic will be newly stimulated might be optimistic, the overall impact is not significant given the small amount of new international routes assumed.
New Route Viability	Viability of ICF’s projected new international routes.	Most of these routes are reasonable. The impact of this risk is considered small overall as the international share of traffic at the airport is only around 4% (2016).
Potential Carrier Upheaval	Impact to DEN if one of its three hub carriers were to go through upheaval or restructure away from the airport.	The LTA considers that this is an unlikely scenario but has tested the worst reasonable impact. Traffic would likely be down for a few years but would be likely to eventually return to trend.

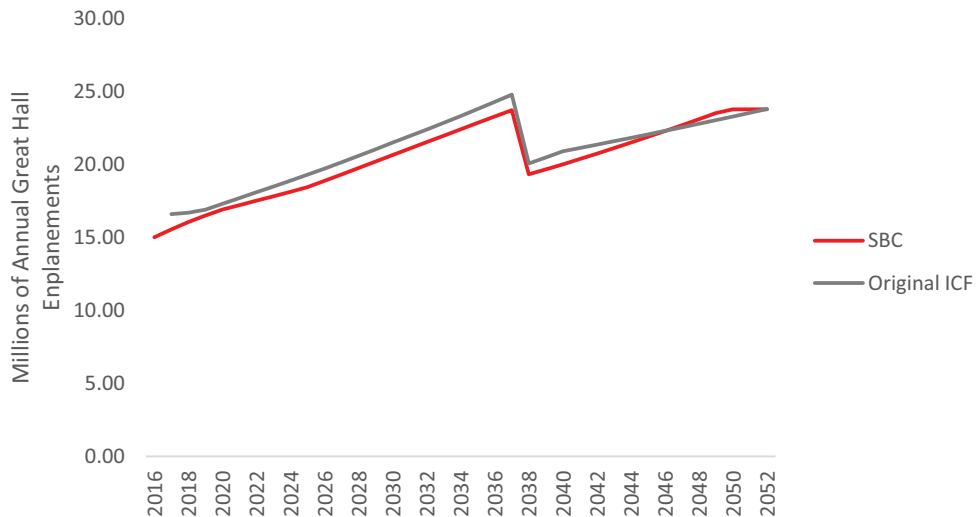
Source: LTA analysis

11.2 Sponsor’s Base Case Results

11.2.1 As the top-level SBC results provided to the LTA were from the Owner’s forecast, they will be reviewed as a high-level output in this section. Given that the differences between the SBC and the original ICF forecast are modest (4.1% on average), the LTA will still review key risks in relation to ICF’s assumptions. The LTA has not received separate information on distinct SBC assumptions.

11.2.2 The figure below shows the SBC and the original ICF forecast for the most important traffic metric for the Project: enplaned passengers passing through the Plaza (and thus the Retail Area) of the Great Hall. Only departing passengers are expected to use the retail in the Plaza. The figure also excludes transfer passengers and Denver OD passengers whose path to their gates will bypass the Plaza. OD refers to origin/destination passengers who start or end their journey at DEN as opposed to transfer/connecting passengers just passing through. Lastly the figure reflects the expected opening of a new terminal in 2038 (whose passengers will not use the Great Hall).

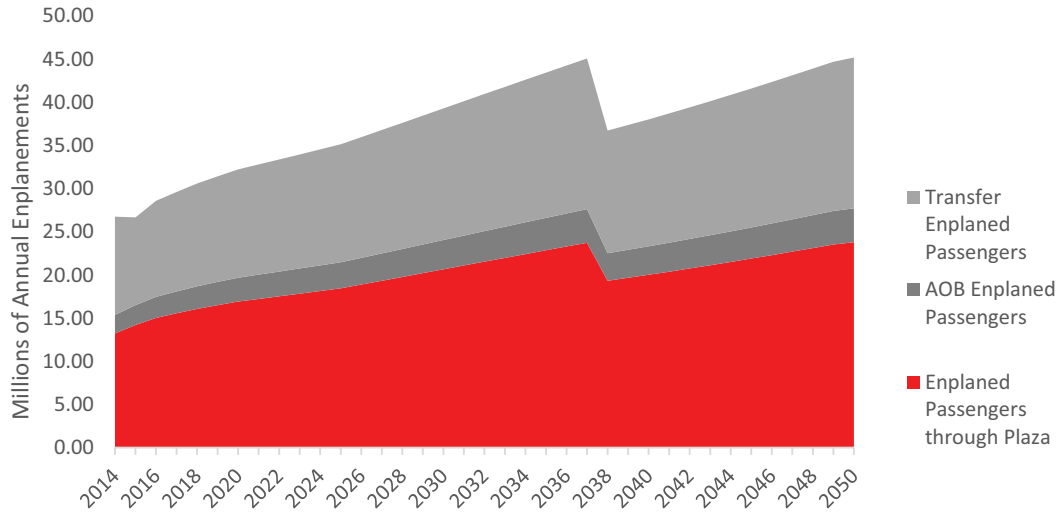
Figure 11-1 SBC and Original ICF Forecast of Enplaned Passengers through the Plaza of the Great Hall



Source: ICF

11.2.3 The figure below shows total enplaned passengers in the Great Hall concourses (A, B, & C), breaking down how many are transfer passengers (and thus won't enter the Great Hall) and how many are Denver OD passengers whose path to their gate will involve bypassing the Plaza via the AOB bridge to Concourse A.

Figure 11-2 Passengers at Concourses A, B, & C



Source: ICF

11.2.4 The table below also breaks down the OD forecast by domestic and international enplanements. International traffic is expected to grow faster than domestic traffic as this segment of the market is relatively undeveloped. However, international traffic is still projected to remain far smaller than domestic traffic.

Table 11-2 Projected Total Enplanements and Compound Annual Growth Rates

	2020	2025	2030	2035	2040	2045	2050
Total DEN O&D Enplanements (m)	19.7	21.5	24.0	26.6	23.3	25.5	27.7
<i>CAGR</i>		1.8%	2.3%	2.0%	2.1%	1.8%	1.7%
Great Hall O&D Pax Enplanements (m)	16.9	18.4	20.6	22.9	20.0	21.9	23.8
<i>CAGR</i>		1.8%	2.3%	2.1%	2.1%	1.8%	1.7%
International O&D Enplanements (m)	0.9	1.0	1.2	1.4	1.2	1.4	1.5
<i>CAGR</i>		2.8%	3.1%	2.8%	3.0%	2.3%	2.0%
Domestic O&D Enplanements (m)	18.8	20.4	22.8	25.2	22.1	24.1	26.2
<i>CAGR</i>		1.7%	2.2%	2.0%	2.0%	1.8%	1.7%

Source: ICF

LTA Opinion

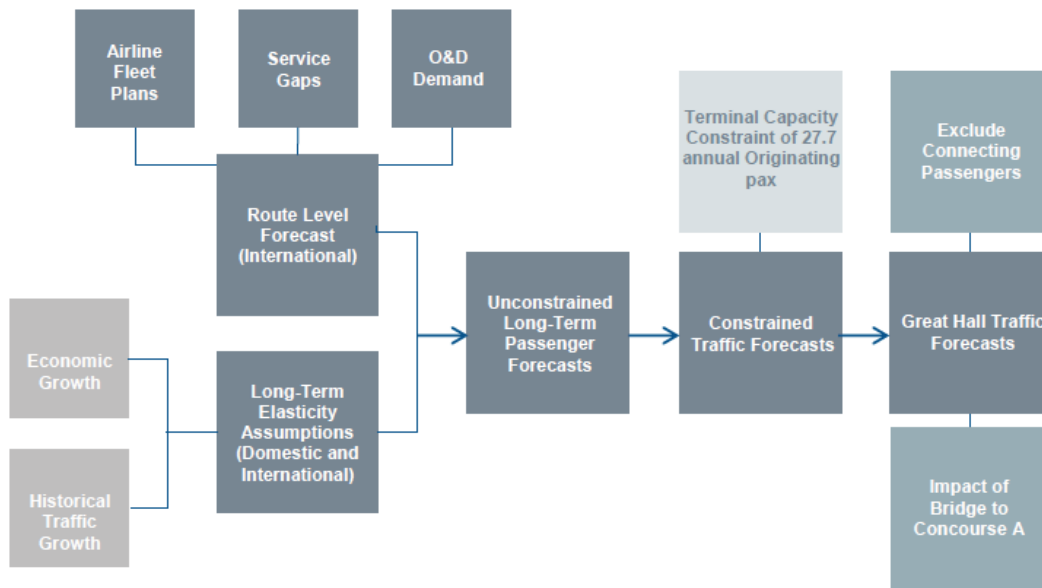
11.2.5 The high-level SBC results appear reasonable to the LTA and in-line with expectations for an airport with DEN’s profile (a large domestic hub in a mature market). Compound annual growth rates are modest (around 2%) and generally decay over time.

11.3 Methodology

11.3.1 The ultimate goal of the traffic forecast has been to estimate how many enplaned passengers will pass through the Retail Plaza of the Great Hall. ICF used a combination of standard top-down and bottom-up approaches to project different traffic streams and then narrow down to those relevant for the Great Hall Retail Plaza. These are departing (enplaned) OD passengers. As previously mentioned, transfer passengers are very unlikely to spend time outside the concourses and thus are not expected to enter the Retail Plaza of the Great Hall. The other relevant screening is for the AOB bridge for Concourse A passengers which takes those who opt to use it from a security checkpoint directly to the concourse (never entering the Retail Plaza).

11.3.2 The figure below shows the process ICF used.

Figure 11-3 ICF Methodology Diagram



Source: Exhibit 3-7 of ICF Bond Feasibility Report

- 11.3.3 ICF initially split its forecast by international and domestic passengers. This was a sensible approach as both have been growing at different rates; Denver has relatively few international routes whereas its domestic network is already very-well developed. ICF took a top-down approach to both international and domestic traffic streams, supplemented by a short-term bottom-up route level forecast for international passengers. The top-down approach involved running regressions of the two streams’ OD passengers separately against Metropolitan Denver’s Gross Regional Product. The assumptions and risks associated with this variable are analyzed in the next section.
- 11.3.4 The domestic traffic was grown as a whole with the elasticity derived from the regression. The bottom-up international route forecast involved growing individual routes with the elasticity derived from the regression as well as adding new expected routes. This was done by looking at DEN’s largest unserved routes.
- 11.3.5 The resulting totals gave unconstrained enplaned passenger figures for all of the airport. The next step was to reconcile these figures against the Owner’s intention to build a new terminal when OD enplanements hit a constraint of 27.7 million (in 2016, they were 18.5 million). This was accomplished by assuming that 20% of the airport’s constrained traffic projection would switch to the new terminal. This proportion is detailed further in the next section analysing key risks. Transfer enplanements were calculated on top by assuming DEN’s 2016 proportion of transfer passengers would hold constant at 36.5% of total traffic.
- 11.3.6 The next step was to remove those passengers who would use the AOB to proceed directly to Concourse A, bypassing the Retail Plaza of the Great Hall. ICF used data from 2015 and 2016 to derive how many passengers were using the security checkpoint specific to the AOB. This average was then carried forward as a percentage of the airport’s total expected OD enplanement count. This assumption is discussed further in the following section on Key Risks.

11.4 Key Risks

- 11.4.1 Overall, ICF’s forecasts use reasonable fundamentals and the results of the SBC are within expectation. This section considers key risks which might pose downside risk relative to ICF’s assumptions and the SBC. The next section then quantifies some significant key risks.

Economic Growth

- 11.4.2 As the primary driver of DEN’s traffic is economic growth, the LTA has analysed ICF’s GDP assumptions. In order to determine the relationship between local traffic and economic growth, they regressed DEN’s historical traffic against GDP growth for the Denver MSA. They then projected future traffic growth by multiplying the resulting coefficients against third party GDP Projections. ICF provided both US and Denver MSA GDP Projections though the LTA understands ICF’s model was driven exclusively by the Denver figures.
- 11.4.3 Table 11-3 below shows ICF’s third party GDP figures (with the figure for the Denver MSA being Gross Regional Product). The Denver MSA figures were sourced from Woods & Poole, specialists in American regional forecasts. This is a reliable and reputable source. The US national GDP figures were sourced from Global Insight, a similarly credible forecasting company.

Table 11-3 GDP projections

Subject	1995-2005	2005-2015	2015-2020	2020-2030	2030-2040	2040+
Denver MSA	4.5%	1.9%	2.5%	2.3%	2.1%	2.0%
United States (Global Insight)	3.4%	1.4%	2.2%	2.2%	2.1%	2.0%
United States (PwC)			2.6%	2.1%	2.3%	2.2%
United States (CBO)			1.8%	1.6%		
United States (USDA)			2.1%	2.1%		

Source: Woods & Poole, Global Insight

- 11.4.4 It is reasonable to assume the Denver MSA will continue growing at a higher rate than the US as a whole. The Mountain Region’s economy continues to combine growing economic sectors (healthcare, technology) with lower taxes, regulation, and cost-of-living. ICF’s Projected pace is conservatively close to their assumed US national growth. The LTA has compared the assumptions for US national growth. While the ICF Projections are slightly on the higher end, the low premium on Denver MSA GDP makes the overall Projections used reasonably conservative.

Derived Elasticities

- 11.4.5 ICF used the elasticities in the table below to grow traffic relative to the above economic growth projections. These generally seem reasonable, as confirmed by the LTA’s own cross-check elasticities of DEN’s OD traffic against Denver MSA economic figures. The LTA initially noticed that ICF’s values are higher than the national average benchmark provided. The justification given was that Greater Denver’s per capita income is higher than the national average. In the LTA’s experience, additional income often induces people at the lower income scale to fly, as opposed to people with higher salaries (who will use additional income to fly to higher end destinations as opposed to more trips). Thus the derived elasticities should not necessarily be higher than the national average. However, in the LTA’s opinion, this is mitigated by the use of conservative economic growth projections (as mentioned above) and lower values than those derived by the LTA’s high-level regressions. This is especially true of ICF’s assumed international elasticity.

Table 11-4 Domestic Passenger Demand Elasticity

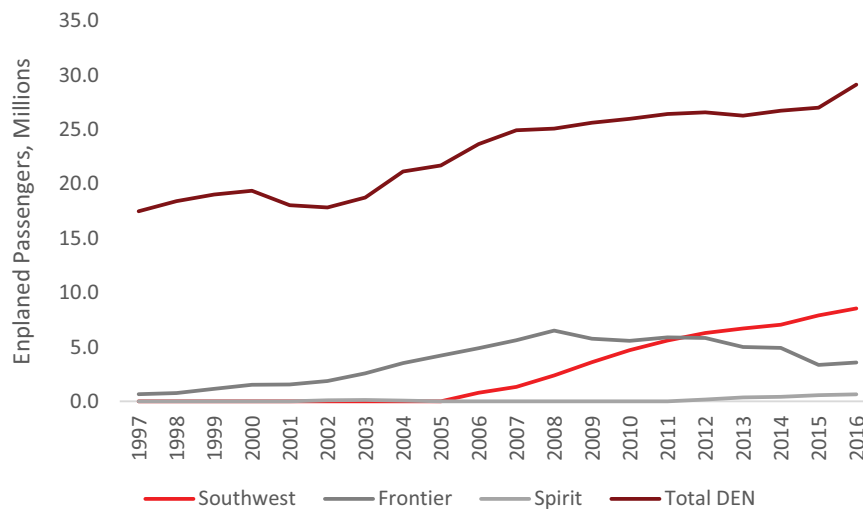
	Elasticity	Time Period
Historic		
ICF Domestic	0.93	1990-2016
ICF – US – Domestic	0.96	1980-2016
LTA DEN Domestic Regression	1.06	2001-2015
ICF – DEN - International	1.42	1990-2016
LTA DEN International Regression	2.18	2001-2015
Forecast		
FAA Terminal Area Forecast – DEN - Total	0.88	2015-2040
FAA – US - Domestic	0.88	2015-2036
Boeing – North America	1.16	2015-2035
Airbus North America – Domestic	0.75	2015-2034

Source: ICF

Maturity

- 11.4.6 ICF’s initial derived elasticities appear reasonable and, in the LTA’s view, form appropriate values for the beginning of the forecast. ICF’s international elasticity decays over time along a standard path. The LTA notes though that ICF’s assumption that domestic elasticity will not decay over time may be optimistic. While suitable for 2017, it might be inappropriate to apply the same value throughout the long term; the regression period (last 25 years) captured events such as Southwest’s market entry and other early-stage LCC growth. As per the table above, ICF’s elasticity appears to correspond to the average of multiple sources. However, it is worth noting that the lower end long-term elasticity estimates imply a gradual decay in the coming decades. For instance Airbus recommends 0.75 as the average value for North American domestic markets from 2015-2035, i.e. a higher value in 2015 which decays over time. However the LTA considers that this risk is mitigated by ICF’s relatively modest US GDP assumptions as discussed in 11.4.2.
- 11.4.7 ICF argues that the regression results are based on a sufficiently long period (1990-2016), during which the aviation industry in Denver and the US experienced both positive and negative events. ICF contends that although ULCCs and Southwest’s market entry drove significant domestic growth at DEN, this was balanced by 9/11, economic recessions, and Frontier’s bankruptcy. They assume that a similar balance (both positive and negative) of events will impact DEN traffic in the future. However, the LTA considers that the US market’s stage of evolution (in particular LCCs) will mean a more mature rate than before.
- 11.4.8 The chart below shows the growth of Southwest, Frontier, and Spirit at Denver over the past two decades. Some of the negative events during this period did affect DEN traffic. However, per the graph below, the LCCs were at an early stage of development and their growth remained robust (during events such as 9/11). The figure shows how much of DEN’s growth over the past couple decades has come from LCCs. It is improbable that they will sustain such growth in the next decades and might therefore be reasonable to expect some decay in domestic growth.

Figure 11-4 Historical Passenger Growth of LCCs at Denver

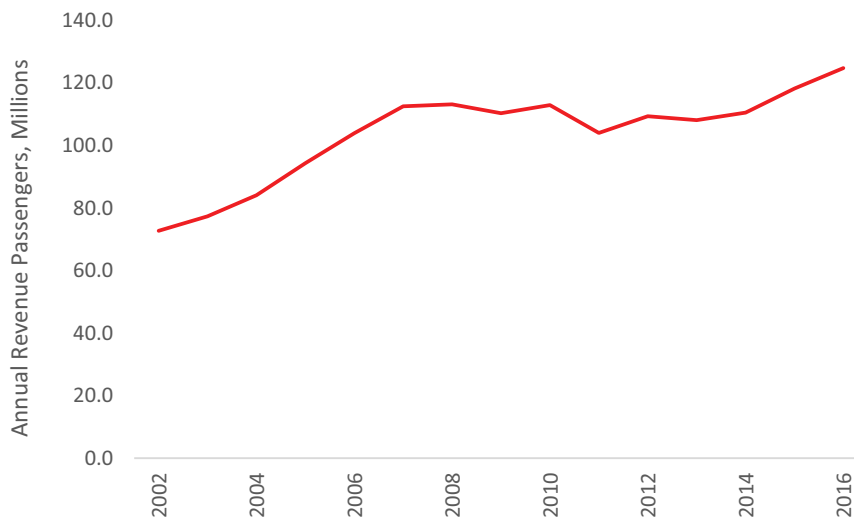


Source: Denver International Airport

Note: Data for Southwest includes AirTran Airways from 2012, when the FAA approved Southwest’s and AirTran’s single operating certificate.

11.4.9 Further to the point above, Southwest’s traffic is already starting to mature at a national scale. The LTA understands its recent growth is primarily driven by international traffic.

Figure 11-5 Southwest Total Annual Revenue Passengers (including AirTran historically)



Source: Southwest and AirTran Annual Reports

New Terminal

11.4.10 The LTA understands that the Owner intends to construct a new terminal or use other capacity-enhancing measures within the Great Hall when the airport reaches 27.7 million OD enplanements. The new terminal may be completely independent of the Great Hall and could thus pose a risk in the form of fewer passengers going through the Retail Plaza (and the Jeppesen Terminal as a whole).

11.4.11 ICF has forecast that the new terminal will open in 2038. For that year, the Base Case accordingly contains an 18.5% decrease in enplaned passengers going through the Great Hall. ICF explained that this proportion was determined from the average of possible airline shifts to the new terminal. The most optimistic scenario involved shifting transfer-heavy airlines (e.g. United) to the new terminal. This implied 15% of the airport's OD traffic in the constrained scenario. The most pessimistic scenario involved shifting OD heavy airlines (e.g. the non-hub airlines) to the new terminal, implying 25% of the airport's traffic in the constrained scenario. ICF opted for the average of 20%, which is 18.5% of the unconstrained scenario (now applicable given the additional capacity from the new terminal).

Impact of the Pedestrian Bridge between the Great Hall and Concourse A

11.4.12 An important factor in the SBC forecast is the impact of the pedestrian bridge (also known as the AOB) connecting the Great Hall directly to Concourse A. Passengers departing from Concourse A have two options: either pass through the Retail Plaza of the Great Hall and take the train to Concourse A, or bypass the Plaza and take the AOB to Concourse A directly.

11.4.13 Currently, there are three security checkpoints in the Jeppesen Terminal, one of which mostly serves passengers using the AOB. Actual 2015-2016 traffic data (via ticket scans) of this specific security checkpoint provided the number of OD passengers passing through the checkpoint. Thus, by virtue of tickets for Concourse A airlines, ICF concluded that 37% of eligible passengers use the AOB. ICF then assumed that international and domestic Concourse A passengers use the pedestrian bridge at the same rate. In addition, ICF assumed that all passengers using the bridge depart from Concourse A. Consequently, ICF calculated that 13.8% of the whole airport's domestic OD passengers and approximately 21.3% of international passengers use the AOB (14.1% of all O&D passengers).

11.4.14 It should be noted that some passengers who are currently departing from Concourses B & C are using the AOB checkpoint and then taking the train from Concourse A to avoid longer security lines. This is due to the existing layout of the security screening areas; passengers currently choose the security area that appears to have the shortest waiting times. However, the LTA considers this impact to be inconsequential because this project's reorganization of the Great Hall will result in only one security checkpoint.

11.4.15 The risk of a greater proportion of OD passengers using the AOB is explored later in this chapter in the section on Sensitivities.

New Route: Stimulation vs Shift of Domestic Passengers

11.4.16 In its forecast of new international routes, ICF confirmed that it accounted for OD passengers who are currently travelling to those destinations via connections. ICF provided the LTA with its considerations of such impact on two new international services.

11.4.17 In the first example provided to the LTA, ICF assumes that the new Norwegian Airlines London Gatwick service will drive down fares and stimulate the London-Denver market. Although ICF expects that this Norwegian service will capture some London/Europe passengers who currently connect via US/Canadian hubs, ICF believes that 2/3 of the demand on this route will be newly stimulated.

11.4.18 It is reasonable to expect that Norwegian will stimulate new traffic on the Denver-London/Europe market. However, the LTA believes that assuming 2/3 of the route's traffic will be stimulated may be overly optimistic. Industry benchmarks for percentage of LCC traffic which is newly stimulated (as opposed to cannibalized from other carriers) are normally around 1/3.

11.4.19 The same principal applies to the second example provided to the LTA: the new Copa Airlines route to Panama. This route enables passengers to travel directly as opposed to flights via MIA, IAH etc. ICF estimated that only

1/2 of this route’s traffic will be newly stimulated. This is not a large route and the LTA is not concerned about a significant impact on other DEN routes.

11.4.20 Overall though, these differences would prove relatively minor.

New Route Viability

11.4.21 ICF identified new international routes based on the largest unserved routes by existing OD passengers. These unserved routes are shown in the table below. Some are previously served routes (including those re-opened in 2016). Others are assumed to open in 2017. ICF used this bottom-up approach to forecast new international routes through 2018.

Table 11-5 DEN’s Largest Unserved Routes by Present OD Passenger Numbers

Destination	OD Passengers (2015)	Latest Assumption or Announcement
Amsterdam	51,908	To be opened by United (5x per week) in 2017
Paris de Gaulle	37,777	Norwegian has announced service from Spring 2018
Montreal	31,354	Daily flight by Air Canada in 2016 included in the model
Munich	27,705	Restarted by Lufthansa in 2016
Zurich	26,228	Edelweiss has announced seasonal service from summer 2018
Montego Bay	23,728	Previously served by Frontier. Expected Southwest (seasonal) in 2017
Aruba	20,201	-
Lima	18,665	-
Beijing	16,102	ICF assumes Air China (5x per week) from 2018

Source: ICF

11.4.22 Based on existing demand, ICF’s new international route assumptions generally seem reasonable. The only route with less certainty for the LTA is Beijing. While the number of annual seats between the US and China has increased at a CAGR of 14% over the past ten years (anna.aero), DEN’s OD levels to Beijing are still fairly low. ICF justifies the route based on onward passengers to Shanghai. However, the LTA is uncertain about overwhelming advantages of connecting via Beijing as opposed to present routes via San Francisco or Tokyo.

Potential Carrier Upheaval

11.4.23 Though the LTA agrees with ICF that all three airline hubs at DEN appear stable, the LTA opted to test the impact of carrier upheaval as a downside risk. Between the three possibilities of United downsizing its Denver hub, Southwest consolidating focus cities, and Frontier collapsing, the LTA reckons that a Frontier collapse would have the greatest impact on the Great Hall. Of the three hub airlines, Frontier has the highest proportion of OD passengers. This possibility is explored further in the following section on Sensitivities.

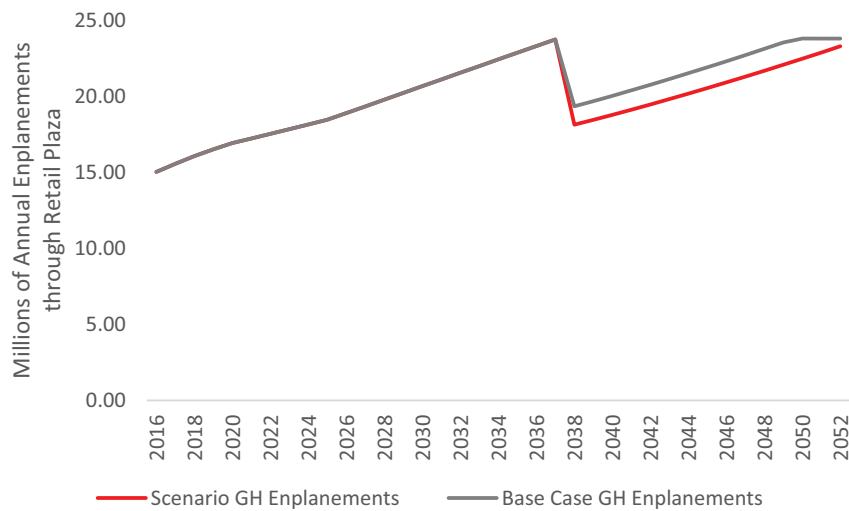
11.5 Sensitivities

11.5.1 The LTA has requested various sensitivities in order to quantify potential significant risks. These were produced in ICF's models with adjusted assumptions as recommended by the LTA.

Shift of Non-Hub Airlines to Potential New Terminal

11.5.2 As previously mentioned, ICF assumed the median impact of scenarios regarding different carriers switching to the potential new terminal in 2038. The LTA opted to test the most conservative reasonable scenario. This was the 25% proportion associated with shifting the OD heavy airlines (the non-hub/'Other' airlines) to the new terminal. The graph below compares the results to the SBC.

Figure 11-6 Impact of More Pessimistic Airline Shift to New Terminal



Source: LTA Scenario on Sponsor's/ICF model

Table 11-6 Impact on EBITDA and Capex of More Pessimistic Airline Shift to New Terminal

	2017-2051 (USD 000s)
EBITDA	
Base Case	877,134
Scenario	873,182
% change	-0.45%
Capex & Lifecycle	
Base Case	731,599
Scenario	731,599
% change	0%

Source: LTA Scenario on Sponsor's/ICF model

11.5.3 This more conservative assumption produced a more precipitous drop in 2038 (23.5% of the constrained case vs the 18.5% decline in the Base Case). This equates to 1.2 million (6%) fewer Great Hall passengers accessing the

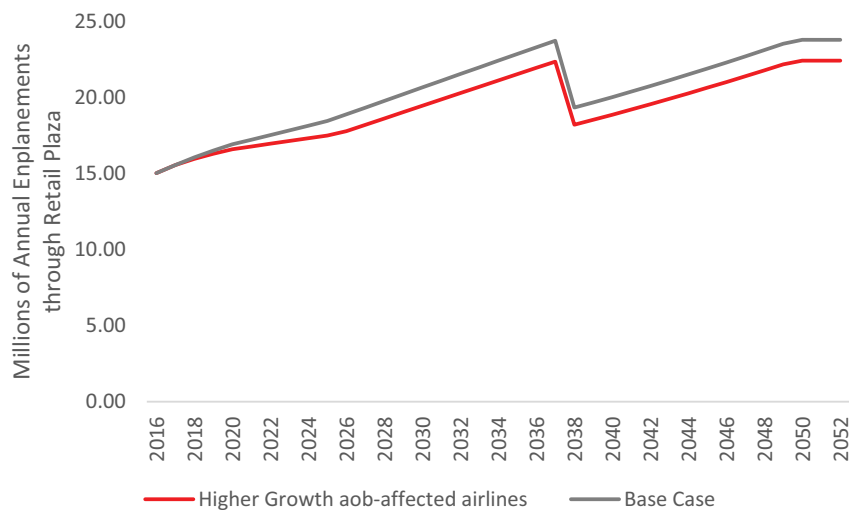
Retail Plaza. This 6% gap remains stable until the SBC forecast reaches the 27.7 million Great Hall OD enplanement ceiling, hitting a high of 1.47 million passengers in 2049. It is important to note here that that ceiling is on overall Great Hall enplanements (as opposed to just those passing through the Retail Plaza as shown in the graph above).

11.5.4 Once the SBC hits the constraint (2050), the gap narrows considerably. By the end of the scenario provided to the LTA (2052), the gap is just 500,000 passengers or 2%.

AOB Diversion from Disproportionate Concourse A Growth

11.5.5 In general, ICF has used robust data-driven assumptions to calculate the impact of the AOB. The analysis considers that many of the airlines in Concourse A have higher OD compositions than the airport’s average. However, the LTA is uncertain about the constant (throughout the forecast) application of 14.1% of all Great Hall OD enplanements using the AOB. If Concourse A were to grow faster than the airport as a whole, the proportion of all airport passengers using the AOB would change. The LTA accordingly opted to test a higher share of the airport’s OD enplanements bypassing the Great Hall’s retail plaza via the AOB. The figure below contrasts the SBC with a gradual rise (over 10 years) from 14.1% of OD passengers using the AOB to 19.1%.

Figure 11-7 Impact of Higher Growth in Concourse A



Source: LTA Scenario on Sponsor’s/ICF model

Table 11-7 Impact on EBITDA and Capex of Higher Growth in Concourse A

	2017-2051 (USD 000s)
EBITDA	
Base Case	877,134
Scenario	872,744
% Change	-0.50%
Capex & Lifecycle	
Base Case	731,599

	2017-2051 (USD 000s)
Scenario	731,599
% Change	0%

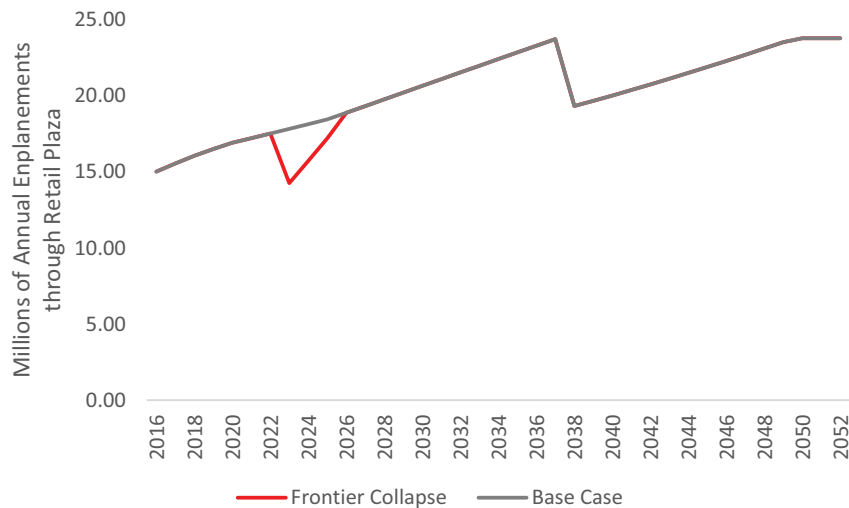
Source: LTA Scenario on Sponsor's/ICF model

11.5.6 As would be expected, the initial difference is fairly minor. By the time the full steady-state AOB diversion rate is reached in 2026, the gap is 1.10 million passengers (or about 6%). This difference holds steady proportionally through the end of the forecasted scenario provided to the LTA, increasing in absolute terms to 1.37 million passengers in 2050.

Potential Frontier Collapse

11.5.7 The chart below shows the potential impact at DEN of a (mid-term) Frontier collapse. This alternate parameter was for the number of enplanements passing through the Great Hall's Retail Plaza to drop by 18.6% (a 20% decline relative to the Base Case). In this scenario, it takes three years for the airport's OD traffic to recover the old trend (with other airlines strengthening on routes previously operated by Frontier). The Scenario implies a total net reduction of 7.21 million enplanements through the Retail Plaza over the three years. The LTA considers most of Frontier's routes to be viable in some form as it currently only has three routes out of DEN not served by other carriers. It is worth noting that OD traffic continued to grow even while Frontier's traffic at the airport declined in 2015 with the airline's restructuring. The closest development to an airline's collapse was when Continental Airlines de-hubbed DEN in 1994. The airport's OD traffic actually continued to grow (though connecting passengers dropped by 13%). The OD market is the sole impact to the Great Hall's Retail Plaza. In the scenario, OD traffic takes 3 years to recover. This is a suitably pessimistic assumption given that OD growth continued throughout the Continental de-hubbing.

Figure 11-8 Impact of a Potential Frontier Collapse at Denver



Source: LTA Scenario on Sponsor's/ICF model

Table 11-8 Impact on EBITDA and Capex of a Potential Frontier Collapse at Denver

	2017-2051 (USD 000s)
EBITDA	
Base Case	877,134
Scenario	875,762
% Change	-0.16%
Capex & Lifecycle	
Base Case	731,599
Scenario	731,599
% Change	0%

Source: LTA Scenario on Sponsor's/ICF model

12 COMMERCIAL PLAN REVIEW

12.1 Introduction

12.1.1 The purpose of this section is to review the commercial plan and the associated revenue forecast, the methodology to obtain it, as well as the risks associated with this revenue stream. This report looks at the forecasts of commercial revenue at the Great Hall from retail, including duty free and food and beverages. It does not address other categories such as advertising, car parking or foreign exchange, which are excluded from the scope of the concession. The revenue forecasts are taken from the financial model with commercial inputs by ICF. Assumptions and Methodology is reviewed from the Bond Feasibility Report, as also produced by ICF.

12.2 Overview & Key Issues

12.2.1 As described in section 5 before, the Developer pays 80% of commercial revenue to the Owner while 20% is kept.

12.2.2 The commercial plan contains forecasts of commercial sales and revenue based upon a detailed and complex forecast methodology. The forecast is driven by benchmarking against a sample of other, similar US airports focussing on the drivers of space, program sizing and productivity. This was then adjusted downwards to the specific characteristics of this unique project to take into account factors such as bypassing the Great Hall via the bridge to concourse A, and expanded commercial offer in the concourses.

12.2.3 A key factor impacting this project is that not the whole airport is within the Project scope, but only the departures and arrivals hall. Overall, the LTA considers that the methodology to obtain the SEP is appropriate for this unique project and takes account of all relevant downsides compared to benchmark airports.

12.2.4 Denver had Sales per Enplaned Passenger (SEP) of US\$11.04 in 2015 and the development of the Great Hall (plus other non-specified improvements in the Concourses) is expected to increase this to US\$13.24 airport wide by 2021. Great Hall SEP was US\$1.42 in 2015 and is expected to grow to US\$3.35 by 2021.

12.2.5 The LTA considers that US\$3.35 is appropriate and takes into account all downsides particular to this project. It represents roughly 2.5x the 2015 SEP in the current layout. The LTA considers this reasonable considering the following upsides compared with the existing situation:

- Increase in commercial space to 2.3x the current space. Space share will be re-allocated from F&B to retail.
- Most concessions will be airside while all at present are landside. Airside spend is higher per passenger due to longer dwell times.
- Optimised floorplan for maximisation of commercial revenue with the siting of shops and F&B along passenger flows. Existing space is 'sub-optimal' with limited 'pull' for passengers en-route to their concourse.
- Commercial brand mix optimised for best fit with passenger characteristics based on detailed passenger consumer research.

The key issues identified by the LTA are summarised in the table below, and background can be found in subsequent sections.

Table 12-1 Key Commercial Issues

Subject	Description of Risk	LTA Opinion
Commercial Sales and Revenue Forecast Methodology	The forecast SEP and revenues are based on a 'non-standard' process and dependent upon the applicability of a benchmark sample of comparable airports.	ICF solely used benchmark airports with similar characteristics to the Great Hall Project. These were then further refined by downward adjustments accounting for the negative impact of a number of disadvantages the Great Hall has, compared to typical airports. The LTA considers this a logical and appropriately addresses the specific features approach of this Project.
Passenger and Airline mix	Denver has a passenger mix that has a high spend. The risk is that over time the airport will attract more passengers from other segments to maintain growth.	The SEP growth projections for the whole airport can be supported through growth in improved product, space and commercial contracts and can withstand some possible 'reduction' in passenger types.
Competition risks from commercial areas in concourses A, B, C	Concourses A, B, C will continue to provide commercial offering and may expand	The growth Projections appear consistent with the majority of passengers SEP in the concourses. The LTA notes that this is taken into account in the final SEP calculation as a downward adjustment is made for this factor. The focus on specialty retail and the fact that the Owner will not benefit from competition between the GH and the concourses is considered a mitigation to the risk.
Dwell time	Denver has a very high average dwell time. This may be reduced as a result of infrastructure improvements.	There may be a reduction in queues at the terminal due to more efficient processes post the Great Hall expansion and through efficiencies in check-in and security. These may increase dwell time in the short term but reduce it longer term due to increased passenger confidence in a smooth departure process. It is noted however that the long dwell time is partially due to the driving distance to the city of over 45 minutes, which is not likely to change.
Concession agreements are not in place yet and may impact on revenue performance	As the DA does not allow for one master concessionaire, there is a small possibility that the individual concessionaires would potentially get lower margins due to more competition between the concessionaires in that area.	There may be a downside to revenue as a result of 'challenging' concession agreement terms. The forecasts are however based on relevant benchmarks, which would already account for typical concession agreement terms.

12.3 Current Commercial Situation and Future Proposal

Existing Offering

12.3.1 The success of the Great Hall Project is predicated largely on the success of the new building and floorplan in providing a greatly improved environment with a stronger product mix. The pictures below illustrate the current quality of the existing product offering, which is subject to improvements.

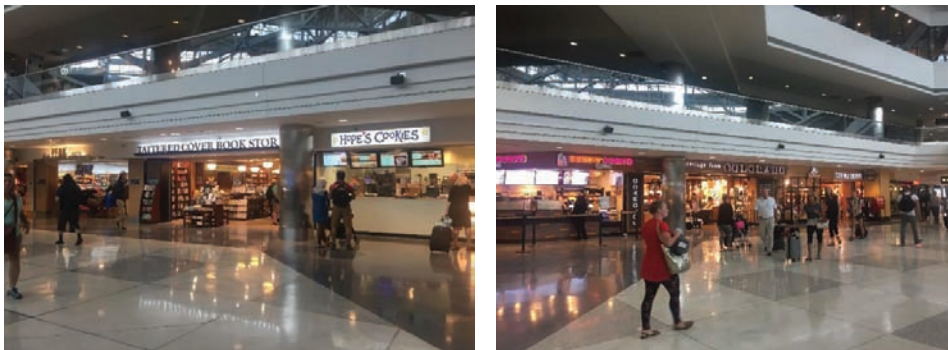
12.3.2 The photos below show a snapshot of the current commercial offering in the Great Hall and the concourses.

Figure 12-1 Current Commercial Offering in the Great Hall



Source: Site Visit

Figure 12-2 Current Commercial Offering in the Concourses

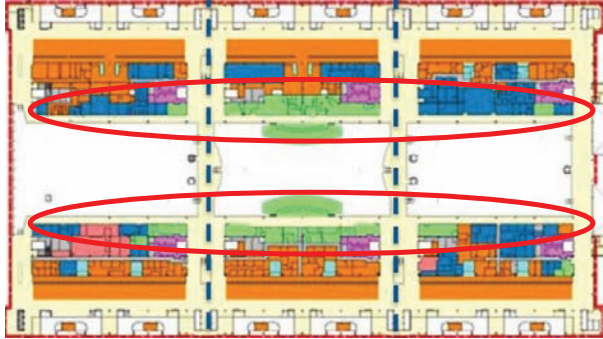


Source: LTA Site Visit

- 12.3.3 The existing offering in the Great Hall has a less desirable floorplan in which the concessions have a limited ‘pull factor’ for the consumer. Furthermore, it is all landside and, as is well documented, passengers generally feel more secure and relaxed post-security, and as a consequence are more willing to spend.

Figure 12-3 Current commercial layout (commercial areas indicated green)

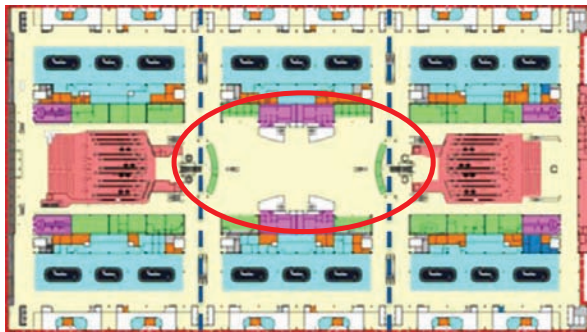
Level 6



On level 6, the current provision of commercial space is on the outside of the mezzanine, away from the check-in desks.

Passengers can therefore proceed from check-in to security without passing the commercial area.

Level 5



On level 5, the main commercial zone is in the middle between the two security areas. It is therefore also not within the main flow of the departing passengers.

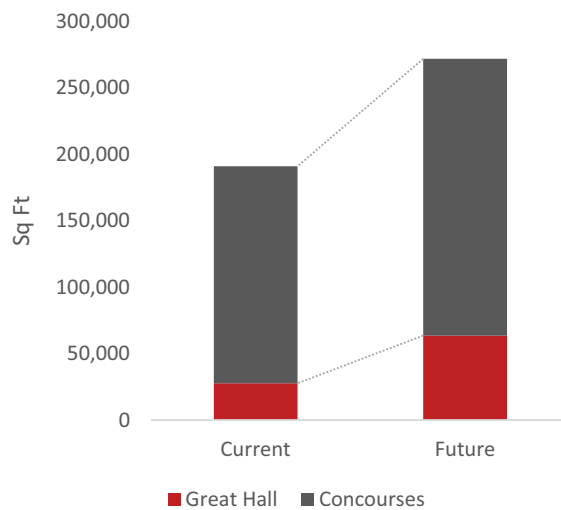
It is however located in the arrivals and meeter and greeter zone.

Additionally there are concessions east and west of the security queues. These areas are therefore not supportive for ease of shopping.

New Commercial Proposal

12.3.4 The new proposal will add significant commercial floor space, as indicated below.

Figure 12-4 Overview of Changes in Commercial Space Denver



Source: ICF Bond Feasibility Report

12.3.5 The new facility will be focused around the Airside Plaza and will contain 58% of the Great Hall commercial area. The impact of the Great Hall will be across three main factors:

- **A major increase in area:** the present GH space is around 27,000 and this will grow to 64,000 equating to 1,7 square feet per thousand O&D enplanements in 2015 growing to 3,7 in 2021 when the Great Hall Project is fully operational.

Table 12-2 Overview of Changes in Commercial Space within the Great Hall

Landside	Existing (sq ft)	Future (sq ft)	Future vs. Existing (%)
Food & Beverage	18,308	16,694	-9%
Retail	9,379	9,812	5%
Duty Free	-	-	-
Total	27,687	25,506	-4%
Airside	Existing Space (sq ft)	Future (sq ft)	Future vs. Existing (%)
Food & Beverage	-	15,110	-
Retail	-	18,918	-
Duty Free	-	3,027	-
Total	-	37,055	-
Total	Existing Space (sq ft)	Future (sq ft)	Future vs. Existing (%)
Food & Beverage	18,308	31,804	74%
Retail	9,379	28,730	206%
Duty Free	0	3,027	-
Total	27,687	63,561	130%

Source: ICF Bond Feasibility Report

- **Optimised mix:** In the new Great Hall, F&B will reduce in share from 66% to 46% and retail, including duty free, will increase from 34% to 54%.⁶ There is a substantial body of work in the Commercial Due Diligence Report outlining plans to focus on high revenue categories and sub-categories such as apparel.
- **The floorplan and ‘look’ of the terminal:** This has been developed and will be further refined using best practice retailing techniques aimed to maximise dwell time in this area and maximise penetration and sales per passenger.

⁶ ICF Commercial Due Diligence Report

Figure 12-5 Future Look of the Great Hall



Source: Ferrovial Project Presentation

12.3.6 The floorplan has been presented in schematic form and its success will be a function of the quality of the brands and their product mix, merchandising and retailing capabilities.

12.3.7 A Concession Development and Management Plan is prepared which sets out the commercial strategy in detail. It includes the policies and procedures for the sub concessionaires in the Great Hall. Other aspects analysed within this plan that further refine the commercial strategy are as follows:

- Market analysis of customers
- Pricing
- Brand mix analysis
- KPIs and monitoring methodology
- Clear description of the schematic layout plans with type of shops/F&B units explained
- Marketing plan

Figure 12-6 Commercial Areas Great Hall Level 5



Source: ICF Bond Feasibility Report

Figure 12-7 Commercial Areas Great Hall Level 6



Source: ICF Bond Feasibility Report

12.4 Sponsors' Base Case Historical Analysis and Forecast

12.4.1 The future plans and performance metrics of the Great Hall development are set out in the Report of the Airport Consultant. They are discussed in the context of the performance of the existing Great Hall and the airport overall.

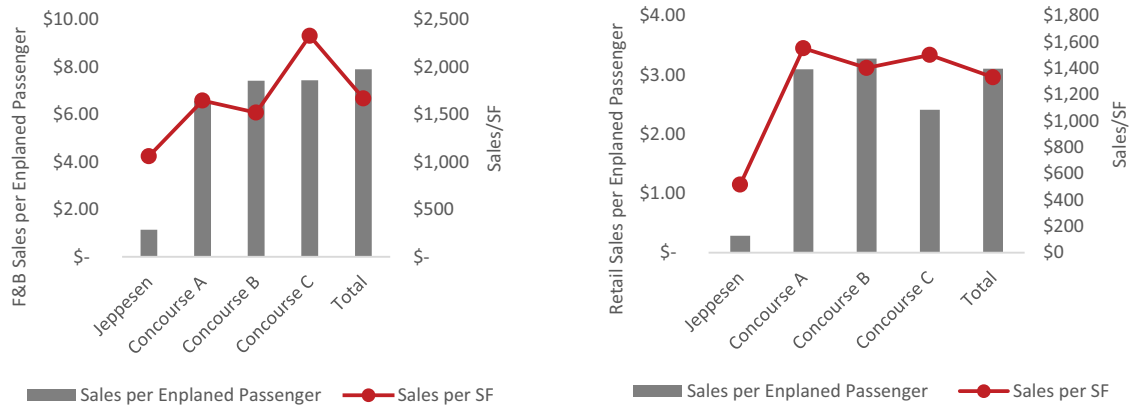
Denver Airport Commercial Historical Analysis

12.4.2 The Consultant's Report presents an analysis of the 'headline' results for Denver over the period 2009 – 2015 showing a number of key metrics for Denver as a whole. In that period the CAGR of F&B has been 6.1%, retail 4.3% with total airport concession sales CAGR of 5.6%. This has outstripped growth in enplanements of 1.2%⁷.

12.4.3 The F&B growth is largely attributed to a major increase in space with the F&B area growing by 22% in that period. Revenue per enplaned passenger grew in that period by CAGR of 3% with F&B growing by 4% and retail by 0.5%.

12.4.4 As will be shown below, the airport has performed well in terms of commercial revenue but the Great Hall individually is contributing the least. This imbalance will be partially corrected with the development of the Great Hall and the improved product offering and airside location of the new concessions.

Figure 12-8 F&B and Retail Concession Performance by Concourse 2015



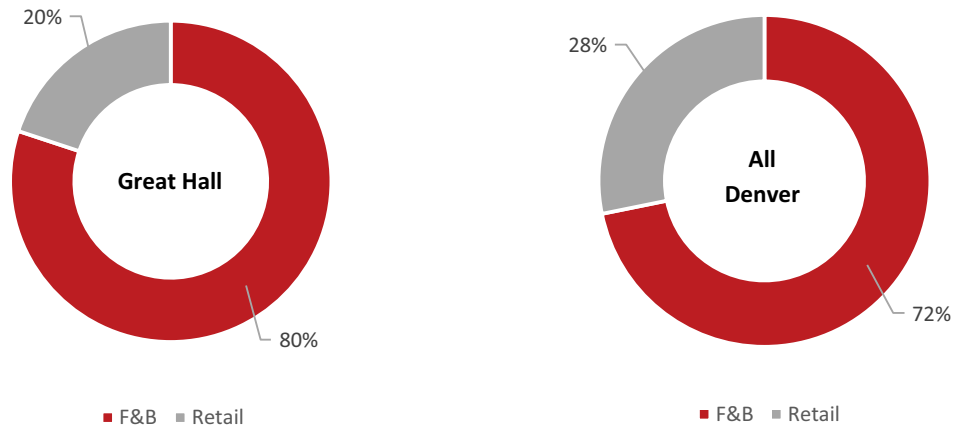
Source: ICF Bond Feasibility Report Exhibit 4-2

12.4.5 The composition of the commercial offering has been provided at a very high level. The airport largely has a food and beverages offering (F&B) with only 30% of the commercial space dedicated to retail⁸.

⁷ ICF Bond Feasibility Report

⁸ ICF Bond Feasibility Report

Figure 12-9 Distribution of Concession Sales 2015



Source: ICF Bond Feasibility Report

12.4.6 F&B for the whole airport comprises 16% alcohol and 84% F&B. Retail comprises Duty Free 2%, News/Gifts 43%, Specialty Retail 55%⁹, no separate breakdown is available by Great Hall or Concourse.

12.4.7 This data has provided the base from which the overall airport and Great Hall commercial revenues have been projected.

Commercial Sales and Revenue Forecast Methodology

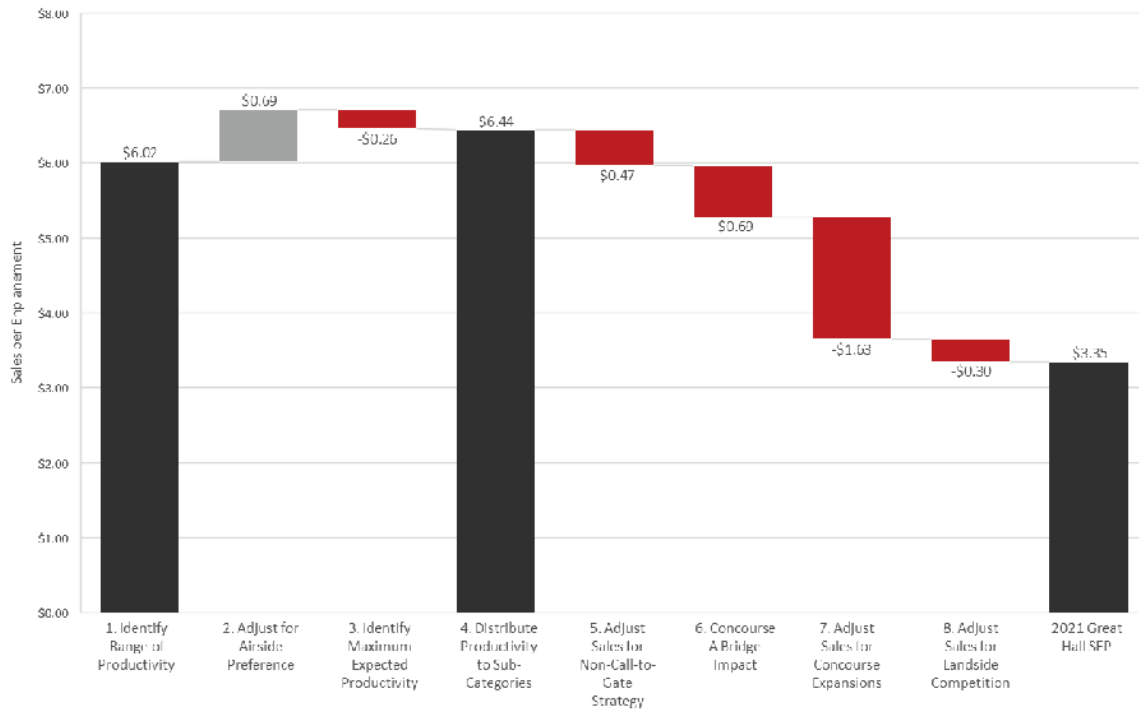
12.4.8 The commercial forecast methodology is outlined in the Report of the Airport Consultant and the results are illustrated in the chart below. The forecast process is outlined in detail in the Report of the Airport Consultant and this section refers to that. The process establishes expected SEP based on benchmarking with a sample of comparable airports.

12.4.9 The Sponsor's advisor has used a complex and multi-stage process to project commercial sales and revenue based on a benchmark analysis of a sample of similar airports. The benchmark analysis provided a range of expected SEP that were then adjusted to account for the following:

- Airside location
- Space productivity
- Allocated by sub-category
- Adjusted for call-to-gate strategy
- Adjusted for Concourse A Bridge
- Diluted for future Concourse Expansion

⁹ ICF Commercial Due Diligence Report

Figure 12-10 Sales per Enplaned Passenger Methodology



Source: ICF Bond Feasibility Report

Table 12-3 Description of Methodology

Step	Description
1. Identify Range of Productivity	The expected minimum and maximum SEP and Sales per Square Foot (SSF) have been derived from a benchmark of airports of similar size and configuration particularly with regard to distance from the gate. This process is repeated for all the sub-categories. This results in the total SEP of US\$6.02 as starting point . This is then adjusted as in the following stages.
2. Adjust for Airside Preference	Based on studies of other airports looking at gate-adjacent and non-gate adjacent sales of F&B, ICF identified a reduction of 73% SEP and an uplift of 54% SSF. This only applies to F&B. This translates into an overall SEP uplift of US\$0.69.
3. Maximum Expected Productivity	The ICF model then calculates the expected highest productivity based on the adjusted high and low SEP and SSF from stage 2, above. The sum of all categories gives a reduction of SEP US\$0.26 which gives the undiscounted start point of SEP US\$6.44 .
<i>The next 4 stages are all discounts to arrive at the final estimated SEP.</i>	
4. Distribute Productivity to Sub-Categories	ICF divided the expected SEP of US\$6.44 by a percentage mix by sub-category taken from the benchmark airports to re-allocate products.
5. Adjust Sales for Non-Call-to-Gate Strategy	There is a reduction of SEP of US\$0.47 or 7.3% because of passengers preference to proceed closer to the departure gate. The ICF report states the reduction based on half of the 'uneasy early birds' non-frequent travellers going straight to their gate.
6. Concourse A Bridge Impact	Passengers going to Concourse A can bypass the Great Hall. There is an assumption in the traffic forecast that 14% do so and this translates into a 10.7% reduction from the maximum SEP of US\$6.44.
7. Adjust Sales for Concourse Expansions:	ICF made an adjustment for increased space and productivity in the concourses based on the maximum contractual allowance of space increase there, which is a ratio of 8.3 of sqf per thousand enplanements. The impact is a reduction of 25.3% or SEP US\$1.63.
8. Adjust Sales for Landside Competition	There is a reduction of 25% on Great Hall landside sales due to the development of competing landside offers. This translates into a US\$0.30 SEP reduction (4.7% of US\$6.44).
2021 Great Hall SEP: the result after the initial uplifts and the deductions is an SEP for the Great Hall of US\$3.35.	

12.4.10 Due to the unusual nature of the revenue generation for the Great Hall only, as compared to more traditional set up for airport wide, a non-standard methodology to forecasting commercial revenues is applied. This methodology is based on relevant benchmarks.

12.4.11 The LTA considers that an alternative approach is required in this case. The methodology appears rational and effective and appropriately takes into account deductions of benchmark outputs to apply to the Great Hall specifically.

Use of benchmarks for base value SEP

12.4.12 A large degree of trust is applied regarding the benchmark data and the extent to which they are applicable to the Great Hall. The sample used to produce the sales ranges for the model has been drawn largely on the basis of the airport infrastructure and particularly proximity to the gate.

12.4.13 Atlanta Hartsfield Jackson International (ATL), Ft. Lauderdale Hollywood International (FLL), Orlando International (MCO), Portland International (PDX), Tampa International (TPA) and Southwest Florida International (RSW) have been selected to determine appropriate ranges for the Denver Great Hall SEP base value. These airport peers were selected by ICF based on the similarities in airside/landside mix, physical layout and financial performance. The table below provides an overview of the different selection criteria and the considerations by the LTA.

Table 12-4 Selection of Airport Peers for SEP range

Selection criteria	Airport Peers Selected	LTA Opinion
More than 25% commercial space located pre-security.	Tampa, Orlando, Portland and Fort Myers	The choice of airports is adequate as these airports all have a large central commercial landside area with more than 25% commercial space located pre-security. For instance, 35% of total commercial space is located landside at Tampa ¹⁰ .
Similar connecting traffic flow pattern (i.e. large share of traffic driven by one carrier and a relatively small share of international passengers).	Atlanta	Like Denver (United, 40% of total passengers), traffic is primarily driven by one carrier (Delta, 73% ¹¹) and the share of international passengers is relatively small (4% at Denver vs 11% at Atlanta).
Similar layout.	Atlanta, Ft. Lauderdale, Orlando, Portland, Tampa and Southwest Florida	Similar to Denver, ATL, TPA and MCO operate trains between the main terminal and the concourses, whilst PDX, RSW and FLL provide walkways. The LTA considers that ATL is most comparable in this case, as it offers a train to the concourses as well as a pedestrian bridge to one of the concourses.

Source: ICF Bond Feasibility Report and Infrata analysis

12.4.14 The LTA notes that the airport peers have been selected based on one or more similarities with Denver in terms of airside/landside mix, physical layout and financial performance. These benchmarks then provide a range, which is considered an appropriate approach by the LTA.

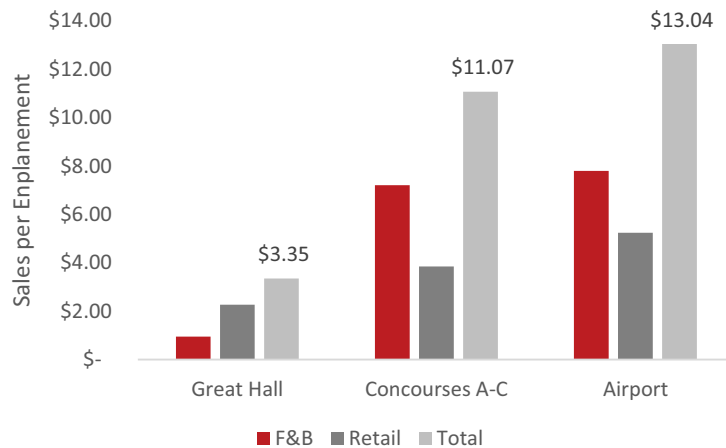
The Great Hall Forecast

12.4.15 The Sponsor has provided forecasts of revenue per enplanement by category. The key drivers will be increased space and, in the LTA’s opinion, the shifting of most of the activity airside. This will bring sales and revenue in the Great Hall closer to the airport’s average.

¹⁰ Tampa International Airport Master Plan 2013, Terminal Facilities Inventory

¹¹ Atlanta Hartsfield-Jackson Airport Operating Statistics 2016.

Figure 12-11 Sales per Enplanement Great Hall, Concourses and Airport wide, 2021

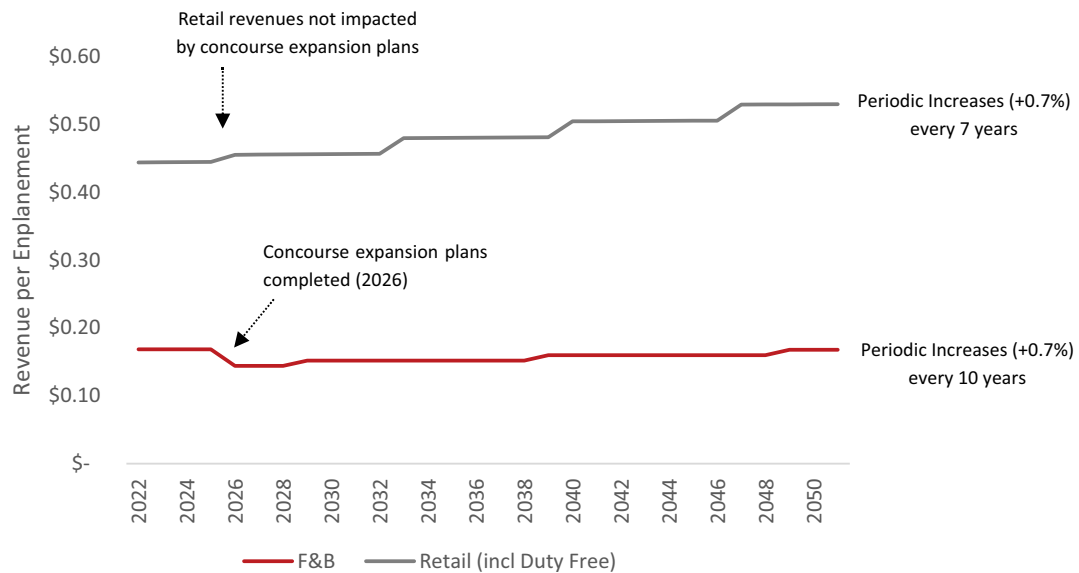


Source: Ferrovial Great Hall Project Summary

12.4.16 The charts below show the Great Hall forecasts of non-aero revenue per enplanement and per square foot.

12.4.17 F&B and retail revenues show different developments over the years. This is largely due to the difference in impact from the completion of the concourse expansions. For instance, in 2026, when the concourse expansions are planned to be completed, F&B revenues drop by 12% while retail revenues increase by 5%. ICF claims that given the small retail program at the airport overall, and the different strategies in product mix, there will be no dilution of retail sales in the Great Hall. However, for F&B, ICF considers that the concourse expansions will impact sales.

Figure 12-12 Forecast of Non-Aeronautical Revenue per Enplanement by Category for Great Hall



Source: ICF Financial Model

12.4.18 As per the graph above, revenue concession fees (% of sales paid to the Great Hall by concessionaires) increase every 7 years for retail revenues and every 10 years for F&B, which explains the step-up increases. The table below shows a clear overview of the assumptions.

12.4.19 2026 is expected to be the first year for a margin and real SEP increase of 0.7% for retail. However, due to longer contract terms, this does not occur until 2029 for F&B.

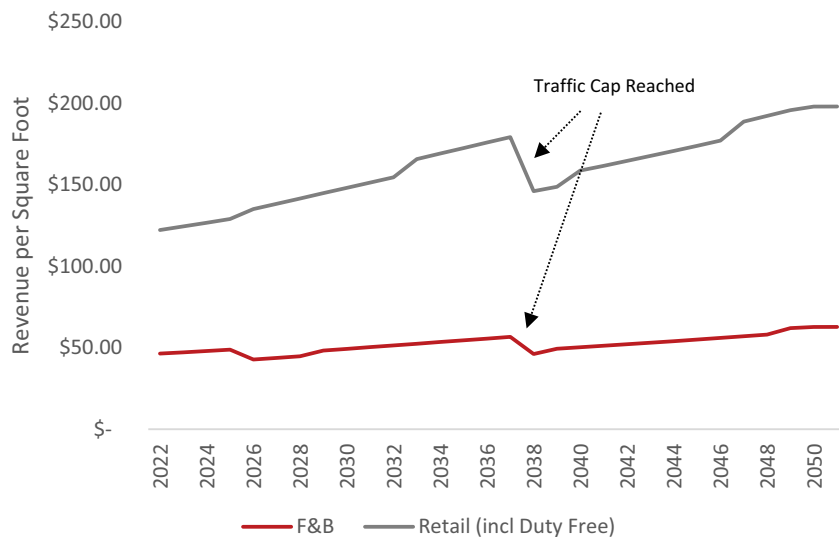
Table 12-5 Margin Assumptions

Category	2021	Periodic Increase	2052
Food & Beverage	15%	+0.7% every 10 years	17.1%
Retail	15.5%	+0.7% every 7 years	18.3%
Duty Free	20%	+0.7% every 7 years	22.8%

Source: Ferrovial, LTA Project Overview Presentation

12.4.20 Further analysis of the concession agreements is provided in the key issues section.

Figure 12-13 Forecast of Non-Aeronautical Revenue per Square Foot by Category for Great Hall



Source: ICF Financial Model

Forecast Output Verification

12.4.21 ICF have produced several high-level benchmark tests for Great Hall and for the implied total Denver using a different sample to the model. The Airside F&B indicates concourse C in DEN performing among the top airports in the US, while the assumption for the Great Hall performance in 2021 is much more modest.

12.4.22 These are used to support the overall Projections.

Figure 12-14 US Benchmark Airside F&B and Retail Sales per Enplanement (2014)



Source: ICF Commercial Due Diligence Report

12.5 LTA Analysis of Key Issues to SEP Projections

Passenger and airline mix may evolve and be less favourable to commercial sales

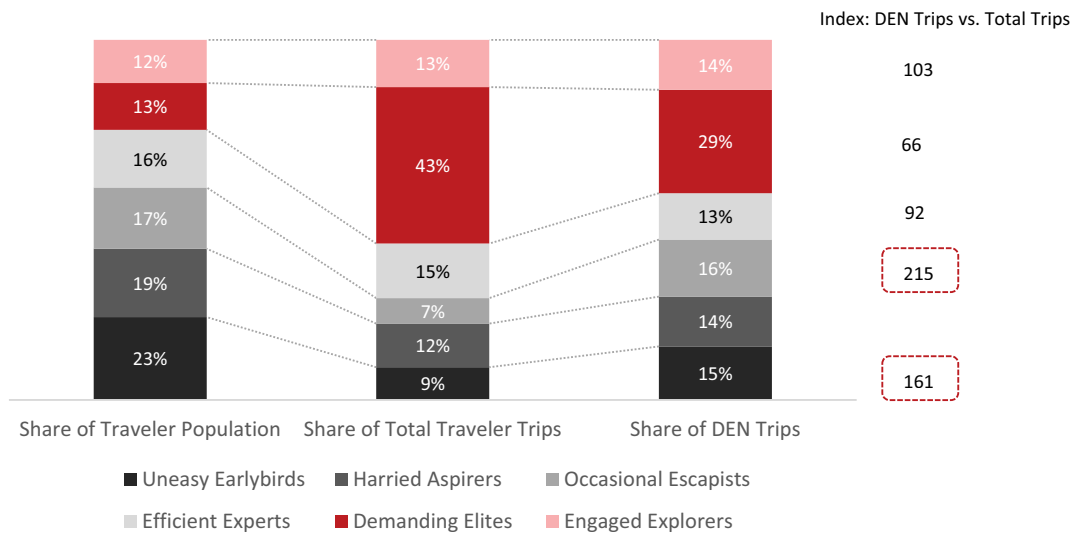
- 12.5.1 SEP for Denver total are around US\$11¹² making it the 15th highest in the US and very close to Tampa and Boston and above Chicago O’Hare. This is largely due to passenger characteristics of high income, large numbers of frequent flyers, an ‘optimum’ age range of 42% 35-54 years old¹³ and 58% flying for leisure.¹⁴ There are relatively large numbers of female passengers.
- 12.5.2 Growth in commercial revenue, particularly retail, is closely linked to traffic growth and its mix. Existing SEP is largely a function of passenger segmentation and socio-economic grouping. Any variance in this may be reflected in an adjustment to SEP.

¹² ICF Bond Feasibility Report

¹³ ICF Commercial Due Diligence Report

¹⁴ ICF Commercial Due Diligence Report

Figure 12-15 Comparison of Travellers in Population vs. Total & DEN Trips



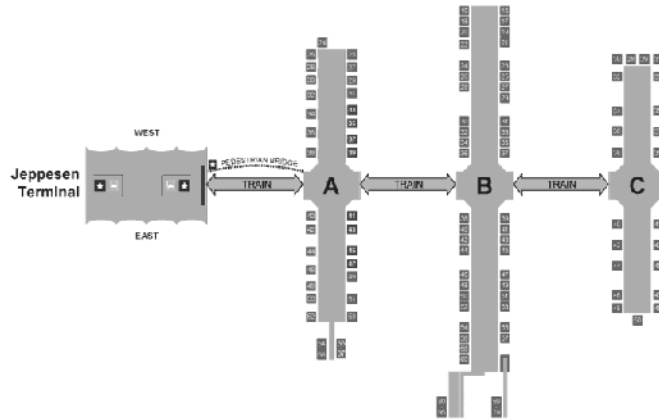
Source: Denver International Airport, DEN Customer Segmentation & Branding Report

12.5.3 The traffic forecasts do not imply any change in passenger segmentation therefore this driver is not expected to lead to a change in SEP.

Competition risks from commercial areas in Concourses A, B, C

12.5.5 One of the key issues is the ‘uplift’ that the Great Hall will achieve through its rebuild and through moving 58% of activity airside. This must be tested against the location which is not close to the gates unlike the competing concessions in the concourses.

Figure 12-16 Layout of Terminal and Concourses Denver



Source: Denver International Airport

12.5.6 Competition from concourses raises a number of questions pertaining to whether passengers would remain in the airside part of the Great Hall and spend if the product mix in the concourses is of a high quality and near their gate. There is a question regarding whether the product mix in the Great Hall will be different to that of any of the concourses and the assumptions regarding the relative performance, quality of concessions, operators at the other concourses.

12.5.7 It is understood that the Owner developed plans to improve the concourses, which are expected to be completed by 2021 and 2026 (see table below). The commercial space in the concourses will thus increase by 27%.

12.5.8 Furthermore, the Airport compensates the Developer in case the commercial space in the airside area (including the Great Hall), exceeds 8.3 square feet per thousand enplanements. This puts a cap on the extent of further commercial developments in the concourses.

12.5.9 The LTA notes that the expansions currently planned and set out below do not bring the ratio to 8.3, however as a conservative input the forecast related impact in the base case financial model is based on the 8.3 ratio.

Table 12-6 Additional Commercial Space in the Concourses

Concourse	2021	2026
A	18,900	11,100
B	N/A	N/A
C	7,500	7,500
Total	26,400	18,600

Source: ICF Bond Feasibility Report

12.5.10 The table below shows the existing and potential future SEP for the Great Hall and concourses A, B, C. At present, the Great Hall caters for mainly landside passengers. Its F&B SEP is US\$1.14 compared to an airport average of US\$7.91 and retail is US\$0.28 versus US\$3.10.¹⁵

12.5.11 The growth projections appear consistent with the majority of passengers' SEP in the concourses.

Table 12-7 Sales per Enplaned Passenger 2015 and 2021 (US\$)

Area	SEP 2015	SEP 2021
Jeppesen/Great Hall	\$1.42	\$3.35
F&B	\$1.14	\$0.95
Retail	\$0.28	\$2.27
Concourses A-C	\$10.06	\$11.07
F&B	\$7.14	\$7.21
Retail	\$2.92	\$3.85
Denver Total excl. DF	\$11.01	\$13.04
F&B	\$7.91	\$7.80
Retail	\$3.10	\$5.24

Source: ICF Bond Feasibility Report and Ferrovial Project Presentation

12.5.12 The Great Hall Project will mean a dramatic regime change with comparable numbers expected in 2021 for F&B, US\$1.14 in 2015 vs US\$0.95 in 2021 and for retail US\$0.28 in 2015 vs. US\$2.27 in 2021.

12.5.13 The LTA considers this is a reasonable expectation as the shift airside will allow for more dwell time in the retail area and a greatly enhanced retail area. There may be a compensatory decrease in F&B with less time in this area.

12.5.14 Closing the gap between the existing Great Hall and the airside concourses will be dependent upon several key factors:

- Passengers' willingness to 'shop and relax' in a large departure lounge a rapid transit journey away from their gate. There is a lack of market research in the material provided to support this key assumption.
- The Great Hall must have a product mix and 'ambience' at least equal to and probably superior to that of the concourses
- The product mix as outlined in the Commercial Due Diligence Report must match consumer expectations.

12.5.15 The 'distance to gate' factor is reflected in the relative SEP; Great Hall F&B is 13% of the concourse SEP, retail is 59%.

12.5.16 The LTA understands there is no 'call to gate' process with announcements and FIDS messages which would give passengers more comfort on reaching their gate on time while remaining in the Great Hall. The LTA considers however that there will be appropriate use of signage and FIDS and that this is actually a contractual obligation

¹⁵ ICF Bond Feasibility Report

on the Owner. The retail figure is therefore considered reasonable, taking into account significant downside by a 41% reduction SEP compared to the concourses, while still better than the F&B.

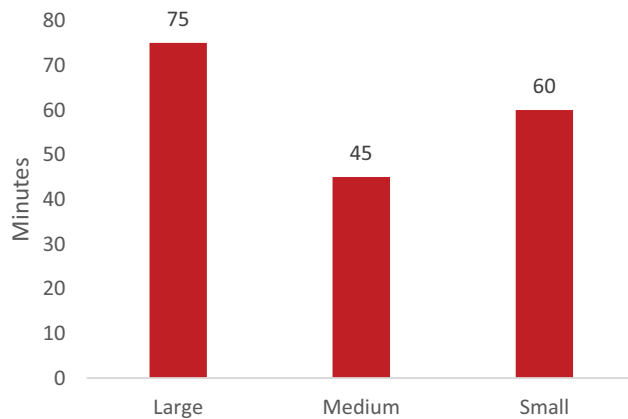
12.5.17 The proposed Commercial Program shows a different retail concept in the Great Hall compared to the concourses, with the Great Hall focusing more on specialty retail being developed successfully due to the high passenger volume. The LTA is satisfied with this explanation and notes that the proposed revenue sharing structure also mitigates competition risks. The Owner receives 80% of the concession revenues in the Great Hall and therefore, it is expected that the Owner will not jeopardize revenue in the Great Hall.

Dwell time in the Great Hall may reduce due to a number of other factors

12.5.18 The existing high SEP is partly due to the high average dwell time of passengers; 2.5 hours for O&D and 3 hours for connecting. This is largely due to the scheduling of airlines with relatively long connection times. For the O&D passengers this is considered to be a function of the surface transport which is over 45 minutes without congestion. The airport is relatively far away from the city and the I-70 access road can incur congestion and subsequent delay to the journey. This has created a natural tendency for passengers to make an early surface departure and routinely arrive early at the airport.

12.5.19 Dwell time at Denver is much higher than the other airports in the benchmark sample provided by ICF, 20 minutes more than the next highest, Charlotte, and 69 minutes higher than the median airport of Pittsburgh¹⁶. Furthermore, it is significantly higher than ACI's benchmarks for North America, set out in the figure below. The impact of the location changes caused by the Great Hall Project and other airport infrastructure changes on dwell time has not been estimated in detail but the implied assumption of the forecasts is that it remains relatively high.

Figure 12-17 Average Dwell Time North America



Source: ACI North America Concessions Benchmarking Survey, 2015

12.5.20 Several studies show that dwell time is a key driver of passenger spending in retail and F&B. A higher dwell time has a positive impact on F&B and Retail sales and leads to greater impulse spending¹⁷. Airport market research

¹⁶ ICF Bond Feasibility Report

¹⁷ Nigel Dolby Consulting, Airport Commercial Dwell Time (2015)

firm DKMA found that passengers who spend more than one hour at the airport are 33% more likely to buy F&B, 27% to buy retail and 13% more likely to buy Duty Free than passengers who spend fewer time¹⁸.

12.5.21 There may be a reduction in queues at the terminal due to more efficient processes post the Great Hall expansion and through efficiencies in check-in and security. These may increase dwell time in the short term but reduce it longer term due to increased passenger confidence in a smooth departure process.

12.5.22 In mitigation, ICF state there will be a significant programme of using FIDS and other display screens to give passengers a sense of security in the commercial area. There is a contractual obligation with the Owner to provide the best possible information regarding trains and journey times to the gates.

Concession agreements are not yet in place and may impact on revenue performance

12.5.23 The Great Hall Project will require new concession agreements for all the commercial activities. There are several factors that might act as a constraint on maximising concession fees from tenants:

- The Concentration of Ownership Policy has the aim of discouraging excessive concentration of concession ownership. Under its terms no Sub Concession Operator for retail or food may control own or manage more than 30% of Great Hall total commercial space or 20% of the Concession space of a specific type (retail or F&B).
- A value pricing policy linking prices of goods to off-airport prices. However, this is in line with policies in typical US airports and its impact is considered to be built into the benchmark values that drive the base forecast.
- The Great Hall Premium Value Concessions program sets quality standards for the concessionaires. Some of these relate to corporate behaviour in areas such as training and employee engagement and some are related to customer service.

12.5.24 The LTA considers that the forecasts are based on relevant benchmarks that would already reflect the incomes airports generate from typical concession agreement terms. Furthermore, it is considered that Ferrovial is an experienced operator managing concession contracts in many other airports bringing experience in the set up and negotiation of contracts.

LTA Overall Conclusion on SEP

12.5.25 The LTA considers the overall SEP of USUS\$ 3.35 for the Great Hall within the expected range. It is based on a benchmark SEP of USUS\$ 6.02 and adjusted for the specifics of the Great Hall features. As discussed, the LTA notes that the benchmarks used to reach the starting point are appropriate and relevant.

12.5.26 The main deductions come from the passenger bypass to the concourse A and the increased concourse commercial zones. The levels of deduction are considered appropriate by the LTA because:

- The bypass deduction is calculated based on the assumption that the same amount of passengers as present bypass the Great Hall, this is discussed by the LTA in section 10 and considered a reasonable base for the deduction.
- The concourse commercial zones deduction is based on the maximum allowed contractual expansion that can be developed there, while the present plans involve less development.

¹⁸ DKMA (2014)

12.5.27 Other potential downsides the LTA considers, as discussed above, are dwell time, passenger mix change and negotiating attractive concessionaire agreements. These are highlighted in this report as potential risks however after examination of the mitigating factors and considering the passenger traffic forecast, the risk is considered light.

12.5.28 Given the robust nature of the benchmark sample and the rigorous application of possible reductions in expected revenues the expected SEP is considered on the more conservative side.

Appendix A – Demarcation Points

Table 0-1 Demarcation Points

Systems	Demarcation Points (DP)	Developer O&M Services
Heating, Ventilation and Air Conditioning (HVAC)		
hydronic system	n/a	none other than coordination with the Owner
air handling units used for smoke control	n/a	none other than coordination with the Owner
air handling units serving shell loads and Public Circulation Space (not within the O&M limits)	n/a	none other than coordination with the Owner
air handling units serving Concession Space and Public Circulation Space within level 5 O&M Limits (including exhausts)	n/a	all air handling units serving Concession Space (including exhausts) within the Core O&M Limits
HVAC Equipment (excluding air handling units) exclusively serving Concession Space within the O&M Limits	ductwork connection from the main duct to each Concession Space	new and/or existing system from DP to point of use within the Core O&M Limits
hydronic system	n/a	none other than coordination with the Owner
air handling units used for smoke control	n/a	none other than coordination with the Owner
air handling units serving shell loads and Public Circulation Space (not within the O&M limits)	n/a	none other than coordination with the Owner
air handling units serving Concession Space and Public Circulation Space within level 5 O&M Limits (including exhausts)	n/a	all air handling units serving Concession Space (including exhausts) within the Core O&M Limits
HVAC Equipment (excluding air handling units) exclusively serving Concession Space within the O&M Limits	ductwork connection from the main duct to each Concession Space	new and/or existing system from DP to point of use within the Core O&M Limits
Plumbing		
domestic water system	isolation valve downstream from the internal distribution mainline to Concessions supply	new and/or existing system from DP to point of use within the Core O&M Limits
natural gas system	connection at the meter for new or existing gas lines if internal to the facility or shut off valves places at the Core O&M Limits	new and/or existing system from DP to point of use within the Core O&M Limits
sanitary sewer system	connection established by Developer to existing main line or lateral	New system from DP to point of use within the Core O&M Limits

Systems	Demarcation Points (DP)	Developer O&M Services
grease trap system	preliminary interceptors within the Concession Space	preliminary interceptors and other Elements within the Concession Premises
storm water system	n/a	none other than coordination with the Owner
Electrical System		
electrical system	distribution panels either existing or installed by Developer	from new DP (including circuit) to point of use within the Core O&M Limits
uninterrupted power system	n/a	any installed system serving Developer or Concession specific systems or services (typically under 200 KVA) within the Core O&M Limits
Signage and Graphics		
way finding signs	n/a	none other than coordination with the Owner
non-way finding signs	n/a	all other non-way finding signs within the Core O&M Limits
Specialty Systems		
CCTV cameras	n/a	none other than coordination with the Owner
security access control system	n/a	none other than coordination with the Owner
emergency communication system	n/a	none other than coordination with the Owner
conveyance systems –escalators	north side –bottom of escalators AGTS –top of escalators landside plaza to bridge –bottom of escalators	none
conveyance systems - elevators	elevator doors	none
stairs, including handrail and any other accoutrements directly associated with the functioning of the stairs	north side –top of stairs AGTS –top of stairs	landing at top of stairs including handrail and any other accoutrements directly associated with the functioning of the stairs
Cleaning Services		
janitorial and custodial services	all janitorial and custodial services outside of the Core O&M Limits	all janitorial and custodial services within or demarking the Core O&M Limits
windows and glass surfaces cleaning	interior and exterior cleaning of perimeter curtain wall and outside facing glass and windows outside of the Core O&M Limits	cleaning of all windows and glass surfaces within and demarking the Core O&M Limits; cleaning of all interior glass on Level 5 and 6, for which at least one side can most easily be accessed from Level 5 for cleaning, including walls and guardrails
pest control	all pest control services in the Terminal	none other than coordination with the Owner

Systems	Demarcation Points (DP)	Developer O&M Services
waste management	disposal of waste delivered by Developer to the appropriate central collection points designated by the Owner	collection, transport in Owner-approved and spill-proof containers, and delivery of wastes generated, collected, or deposited by Users and litter in the Core O&M Limits to the appropriate central collection points designated by the Owner; cleanup of spills generated by Developer at central collection points
fry oil recycling	pumping and disposal of fry oils delivered by Developer to the central fry oil collection point designated by the Owner	collection, transport in the Owner-approved and spill-proof containers, and delivery of fry oils generated in the Concession Space to the central fry oil collection point designated by the Owner; cleanup of spills.
Fire Protection		
detection	n/a	none other than coordination with the Owner
annunciation	n/a	none other than coordination with the Owner
notification	n/a	none other than coordination with the Owner
Signage	n/a	none other than coordination with the Owner
protection of the structures and shell	n/a	protection system within the Core O&M Limits
suppression within the space	n/a	Drychem (Ansul) fire suppression systems, sprinklers heads and fire extinguishers serving the Concession Space
Electrical System		
lighting system	light fixtures, either existing or installed by Developer, connecting to the electrical system	from and including DP to lights within the Core O&M Limits
lightning protection and wire grounding system	n/a	none other than coordination with the Owner
standby/emergency generators	n/a	none other than coordination with the Owner
Electronic and Communications Systems		
Wireless	n/a	none other than coordination with the Owner
flight information display system (FIDS)	n/a	none other than coordination with the Owner
baggage information display system (BIDS)	n/a	none other than coordination with the Owner

Systems	Demarcation Points (DP)	Developer O&M Services
train information display system	n/a	none other than coordination with the Owner
wired local area network (LAN) and telephone systems	Network wall jack(s) within Developer Spaces	all devices and individual protection of devices and point of use equipment for Developer and Developer Entity use from the network wall jack(s), with the exception of the wired phone devices with 911 call location detection which will be provided by the Owner, unless such devices need to be replaced prior to their intended replacement date per the Owner policy

Source: Table III.1, Appendix 14 Technical Requirements

Appendix B – Developer Performance Requirements

Table 14-1 Summary of the Project Performance Requirements

Category	Performance Requirement	Temporary Cure Period (TC) / Permanent Cure Period (PC) / Fast Cure Period (FC)	Points
Electrical System	Availability of secondary and support equipment of the electrical system: minimum annually [99%] / minimum monthly [98%].	No cure period	4
	Maintain the circuit schedules, panel schedules, and one line drawings up to date.	No cure period	3
	Availability of end distribution electrical assets, such as sockets: minimum annually [97%] / minimum monthly [95%]	No cure period	2
	For each individual failure of the Electrical system assets rated as Emergency in Table III.4 of the Technical Requirements.	TC: 2 HOURS PC: 8 HOURS FC: 4 HOURS	5
Natural Gas System	All gas distribution infrastructure and equipment rated as Emergency in Table III.4 of the Technical Requirements is available, except for the planned shutdown time, and those that are designated as available are functioning as per Construction Documents with no leaks in the gas system from the point of use to the Demarcation Point.	TC (switch off system to make safe): 1 HOUR PC: in line with Table III.4 FC: [0.5x PC]	5
Plumbing System	Availability of domestic water, sanitation and drainage systems from the point of use to the Demarcation Point: minimum annually 99% / minimum monthly 98%	No cure period	4
	For each individual failure of the Plumbing systems assets rated as Emergency in Table III.4 of the Technical Requirements.	TC (system shut off): 1 HOUR PC: 8 HOURS FP: 4 HOURS	5
Restrooms	In each restroom, no less than 90% of the sinks, urinals, toilet cubicle doors, stalls and lavatory are available for use and function in accordance with the design at the time of the monthly inspection.	TC: 4 HOURS (where applicable closure constitutes temporary cure) PC: 24 HOURS FP: 12 HOURS	3

Category	Performance Requirement	Temporary Cure Period (TC) / Permanent Cure Period (PC) / Fast Cure Period (FC)	Points
HVAC serving Concession Space and Public Circulation Space within Level 5 O&M Limits (including exhausts)	Availability of Developer maintained HVAC equipment and support systems: minimum annually 97% / minimum monthly 95% (Up time is defined as assets operating without any obstruction and in accordance with the Construction Documents).	No cure period	3
	For each individual failure of the HVAC system assets rated as Emergency in Table III.4 of the Technical Requirements.	PC: 2 HOURS FC: 60 MINS.	3
Fire hazard	Resolve any hazardous condition per Developer's hazard identification analysis and resolution process or as may be identified in the Contract Documents, by the Owner, the City or the Fire Marshall. No obstruction at/or near fire suppression and detection systems. No obstructions at or near emergency signage or emergency exits shall be allowed.	PC: 30 MINUTES	5
Fire suppression systems, and detection	All Elements within the Developer's O+M demarcation are in compliance with all applicable Law, regulations, Design Documents, and Construction Documents. All fire extinguishers within the Developer's O+M limits are available, inspected and certified as per NFPA standards)	PC: 1 HOUR (Stop operation of faulty Equipment)	5
Hazard remediation	Maintain all areas within the O&M Limits free of safety hazards responding within the prescribed response time in Table III.4. Correct any hazardous or potentially hazardous condition upon detection, whether identified by Developer or upon receipt of a verbal or written notice from the Owner. At the Developers reasonable discretion, in conjunction with DEN Terminal Operations, it shall close the affected portion within the O&M Limits until the hazardous or potentially hazardous condition in corrected.	AS PER TABLE III.4	5
Flooring and stairs	Maintain pedestrian circulation and restroom areas free of deterioration, bumps, spalling, chips, excessive cracking, exposed steel, vegetation, holes, misalignments, broken glass and broken mirrors.	TC: 8 hours PC: 5 DAYS	2
Cleaning, finishes and custodial services	Obtain a monthly average in the scores of the joint audits higher than [3.5]	No cure period	2
	For each individual STO related to these services rated as Emergency in Table III.4 of the Technical Requirements.	PC: 2 HOURS	2

Category	Performance Requirement	Temporary Cure Period (TC) / Permanent Cure Period (PC) / Fast Cure Period (FC)	Points
General	A minimum of 85% of Planned Maintenance work orders is to be completed within the planned month and any outstanding Planned Maintenance completed within the following month	No cure period	3

Source: Appendix 9A, Technical Requirements

Appendix C – Owner Performance Requirements

Table 15-1 Summary of Owner Performance Requirements and Deductions

Category	Performance Obligation	Temporary Cure Period (TC) / Permanent Cure Period (PC)	Deduction
AGTS Signage	System availability: minimum annually 98% / minimum monthly 95%	No cure period	US\$10,000
FIDS	System availability: minimum annually 99% / minimum monthly 98%	No cure period	US\$10,000
Conveyances	System availability: minimum annually 99% / minimum monthly 98%. Applied to: <ul style="list-style-type: none"> - Airside Plaza vertical Circulation between Level 6 and Level 5. - Airside Plaza vertical circulation between Level 5 and 4. 	No cure period	US\$8,000
Iconic elements	System availability: minimum annually 95% / minimum monthly 90%. Applied to: Media escalators; Media wall; Overhead cloud show; Interactive water feature; Interactive kids area; Iconic sphere and interactive floor.	No cure period	US\$6,000
Electrical system	From the transformer to the demarcation point, system availability: minimum annually 99% / minimum monthly 98%	No cure period	US\$8,000
Natural Gas System	All gas infrastructure from Service Gas Line tap to demarcation point is available as per Construction Documents with no leaks	TC (switch off system to make safe): 1 HOUR PC: Evaluate event based on Table III.4 of Appendix 14	US\$10,000
Plumbing System	Plumbing system from main lines to demarcation point, system availability: minimum annually 99% / minimum monthly 98%	No cure period	US\$8,000
HVAC	From Central Utility Plant to demarcation point, system availability: minimum annually 97% / minimum monthly 95%	No cure period	US\$6,000
Restrooms	Landside Plaza and International Meeters and Greeters restrooms have no less than 90% of the sinks, urinals, toilet cubicle doors, stalls and lavatory are available for use and function in accordance with the design at the time of the monthly inspection	TC: 4 HOURS (where applicable closure constitutes temporary cure) PC: 24 HOURS	US\$6,000
Network	Wireless, wired, local area network (LAN) and telephone systems availability: minimum annually 97% / minimum monthly 95%	No cure period	US\$8,000

Category	Performance Obligation	Temporary Cure Period (TC) / Permanent Cure Period (PC)	Deduction
Cleaning, finishes and custodial services	<p>Obtain a monthly average in the scores of the joint audits higher than 3.5 or the following Areas:</p> <ul style="list-style-type: none"> - Landside Plaza and International Meeters and Greeters Restrooms - Level 6 zones adjacent to commercial units i.e. the corridor between the central pods and the bridge that connects west and east - The international meters and greeters plaza area out of the O&M limits and the corridors towards baggage claim - The corridors from the landside plaza to the baggage claim 	No cure period	US\$4,000

Source: Appendix 10A, Technical Requirements

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APPENDIX J

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE, GENERAL SUBORDINATE BOND ORDINANCE AND GENERAL JUNIOR LIEN BOND ORDINANCE

General

The following statements are summaries of certain provisions of the Bond Ordinance, the Subordinate Bond Ordinance and the General Junior Lien Bond Ordinance, including, without limitation, the PFC Supplemental Ordinances.

Several of the provisions and defined terms used in this summary would be changed by the Proposed Amendments. See Appendix G— “CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT—Appendix 2 — PROPOSED AMENDMENTS TO THE BOND ORDINANCE.” Capitalized terms used in this summary and not otherwise defined herein, shall have the meanings assigned to them in Appendix G— “CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT— Appendix 1— GLOSSARY OF TERMS.”

The City by ordinance no. 755, Series of 1993, designated the Department of Aviation as an “enterprise” within in the meaning of Section 20, Article X of the State of Colorado Constitution. In accordance with such statutory provisions, the City owns the Department of Aviation, the Manager of the Department of Aviation is the governing body of the Department and the Department has the authority to issue its own bonds or other financial obligations in the name of the City, payable solely from revenues derived or to be derived from the functions, services, benefits or facilities of the Department of Aviation or from any other available funds, as authorized by ordinance after approval and authorization by the Manager of the Department of Aviation.

The Department of Aviation has three separate bond ordinances. The 1984 Airport System General Bond Ordinance adopted pursuant to Ordinance No. 626, Series 1984, as amended and supplemented from time to time, (the “Bond Ordinance”) is intended to govern the issuance of, and establish general provisions relating to, Senior Bonds and Obligations issued by the City, and by the City for and on behalf of the Department, payable and collectible solely out of the Net Revenues of the Airport System and such other funds and accounts of the Airport System as provided therein. Bonds and other obligations issued pursuant to the Bond Ordinance are secured by an irrevocable and first lien (but not necessarily exclusive first lien) on the Net Revenues of the Airport System on a parity with the lien thereon in favor of any other such senior bonds and obligations.

The Bond Ordinance provides for the issuance of bonds and obligations payable from the Net Revenues of the Airport System and having a subordinate lien thereon. Pursuant to the “Amended and Restated Airport System Subordinate Bond Ordinance,” as amended from time to time, adopted pursuant to Ordinance No. 302, Series of 2013 (the “General Subordinate Bond Ordinance”), the City authorized and established general provisions related to Subordinate Bonds and Subordinate Obligations.

Article VII of the Subordinate Bond Ordinance provides for the issuance by the City, for and on behalf of the Department, of Junior Lien Bonds and Junior Lien Obligations that have a lien on the Net Revenues of the Airport System subordinate to the lien thereon in favor of any Subordinate Bonds and Subordinate Obligations. The Airport System General Junior Lien Bond Ordinance adopted pursuant to Ordinance No. 2017-0972 (as amended and supplemented from time to time, the “General Junior Lien Bond Ordinance”) provides for the issuance of such Junior Lien Obligations.

Prior to the adoption of the General Junior Lien Bond Ordinance, a Junior Lien Obligation was established under Ordinance No. 2015-0774 (the “Hotel Ordinance”) relating to the operation, management and maintenance of the hotel facility located at the Airport by Westin DIA Operator, LLC. Such Hotel Ordinance established a special and separate account in the Airport System Fund designated the “City and County of Denver, Colorado, Airport System Junior Lien Obligations Fund” which account is a Junior Lien Obligations Fund and various other

accounts and subaccounts thereof. This Junior Lien Obligations Fund was affirmed in the General Junior Lien Bond Ordinance.

Supplemental Junior Lien Bond Ordinance for the Project

Pursuant to the Subordinate Bond Ordinance, Junior Lien Obligations are defined as “bonds, notes, certificates, commercial paper, or other securities, contracts or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of Subordinate Bonds and Subordinate Obligations. In the General Junior Lien Bond Ordinance, such definition was bifurcated and encompassed by two separate definitions, Junior Lien Obligations and Junior Lien Bonds. In accordance with the Development Agreement, the Owner is required to make monthly Supplemental Payments to the Company.

Any such Junior Lien Obligation, pursuant to the General Junior Lien Bond Ordinance, must be incurred pursuant to a supplemental junior lien bond ordinance. In respect of the monthly Supplemental Payments, such payment obligations were declared to be a Junior Lien Contract Obligation pursuant to Ordinance No. 2017-0973 adopted on September 18, 2017 (the “Supplemental Junior Lien Bond Ordinance”). As set forth in the Supplemental Junior Lien Bond Ordinance, the City has established and created within the Principal and Junior Lien Obligation Account of the Junior Lien Obligations Fund, a special and segregated account designated as the “City and County of Denver, Great Hall Junior Lien Obligation Account,” which account is under the control of the City. The Supplemental Payments will be made by the City on behalf of the Owner from amounts credited to the Great Hall Junior Lien Obligation Account based on the invoice received by the Owner from the Company under the Development Agreement.

Subject only to the right of the City to pay the Operation and Maintenance Expenses of the Airport System and to the obligations of the City in respect of any Senior Bonds and Obligations as provided in the Bond Ordinance and in respect of Subordinate Bonds and Subordinate Obligations as provided by the Subordinate Bond Ordinance, the Gross Revenues and all moneys and securities paid or to be paid to, or held or to be held, in the Great Hall Junior Lien Obligation Account are irrevocably pledged to secure the payment of the Supplemental Payments.

In addition to any event of default provided for in the General Junior Lien Bond Ordinance, the Supplemental Junior Lien Bond Ordinance further provides that an event of default will occur thereunder if the City fails to perform any of the representations, covenants, conditions, agreements and other provisions contained in the General Junior Lien Bond Ordinance with respect to any Junior Lien Obligation or under the Supplemental Junior Lien Bond Ordinance and such failure continues for sixty days after written notice specifying such failure and requiring that it be remedied is provided to the City by the Company. Such action will not be an event of default if the Manager of the Department of Aviation determines that corrective action has been instituted within such sixty day period and is diligently being pursued. Upon the occurrence of any such event of default under the Supplemental Junior Lien Bond Ordinance, the Company will have any and all rights and privileges of the owners of Junior Lien Bonds as set forth in the General Junior Lien Bond Ordinance. Any Supplemental Payments that have been earned by the Company but that have not yet been paid by the Owner will be considered an outstanding amount for purposes of such event of default.

Additional Senior Bonds

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

- (a) a certificate or opinion of an Independent Accountant, setting forth for the last audited Fiscal Year or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such series of additional bonds, as determined by the Independent Accountant, (i) the Net Revenues, together with any Other Available Funds, for such period and (ii) the aggregate Debt Service Requirements for such period; and demonstrating that for such period the Net Revenues, together with any Other Available Funds, at least equaled the larger of either (A) the amount needed to make the required deposits to the credit of the several subaccounts in the Bond Fund and to the credit of the Bond Reserve

Fund and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate Debt Service Requirements for such period;

(b) a report of the Airport Consultant estimating, for each of the three Fiscal Years commencing with the earlier of either the Fiscal Year following the Fiscal Year in which the Manager estimates such Improvement Project will be completed or the first Fiscal Year in which there are Debt Service Requirements with respect to the Bonds to be issued for such Improvement Project: (i) the Gross Revenues and (ii) the Operation and Maintenance Expenses and other amounts required to be deposited in each of the subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account; and demonstrating that the Net Revenues in each such Fiscal Year, together with any Other Available Funds, are projected to be at least equal to the greater of either (A) the amounts needed to make the required deposits to the credit of the several subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate of any Debt Service Requirements for each such Fiscal Year, for the series of Bonds then to be issued and for any future series of Bonds which the Manager estimates will be required to complete payment of the Cost of such Improvement Project (such Debt Service Requirements of any future series of Bonds to be estimated by the Airport Consultant or by the Financial Consultant, if any), in each case after giving effect, among other factors, to the increase in Operation and Maintenance Expenses and to the completion of the Improvement Project or any completed portion thereof, and the increase in rates, fees, rentals or other charges (or any combination thereof) as a result of the completion of such Improvement Project or any completed portion thereof; and

(c) a certificate of the Manager to the effect that as of the date of the adoption of the Supplemental Ordinance authorizing such additional Bonds the City is not in default in making any payments required by the Bond Ordinance.

The Bond Ordinance provides that Debt Service Requirements on Senior Bonds that are payable from irrevocably committed amounts are excluded from the calculation of Debt Service Requirements for determining compliance with the requirements for the issuance of Additional Senior Bonds. The Committed Passenger Facility Charges are considered to be irrevocably committed to the payment of Debt Service Requirements on Senior Bonds.

In any computation required by the above, there is excluded from Gross Revenues any capital gain resulting from any sale or revaluation of Investment Securities or bank deposits, or both. If any one or more of the documents required by subsections (a) through (c) above cannot be given with the required results stated therein, the City may not issue Additional Senior Bonds; *provided however*, the City may issue Additional Senior Bonds for the purpose of refunding Senior Bonds without having to comply with the requirements described in subparagraphs (a) through (c) above.

Under the General Subordinate Bond Ordinance and the General Junior Lien Bond Ordinance the City has agreed for the benefit of the Owners of Subordinate Bonds, Subordinate Obligations and Junior Lien Bonds or Junior Lien Obligations, that the City will not issue Additional Senior Bonds if upon the issuance of such Additional Senior Bonds the City would fail to comply with the rate maintenance covenant set forth in the Subordinate Bond Ordinance and the General Junior Lien Bond Ordinance. See— “Rate Maintenance Covenant.”

Additional Subordinate Bonds

The General Subordinate Bond Ordinance permits the City to issue Additional Subordinate Bonds to pay the Cost of a Subordinate Bond Improvement Project. In order to issue Additional Subordinate Bonds for a Subordinate Bond Improvement Project under the General Subordinate Bond Ordinance, the City is required to obtain either (i) the Certificates described in subsections (a) and (b) below, or (ii) the certificates, opinions and reports described in subsections (b) through (e) below:

(a) a certificate of the Manager to the effect that upon the delivery of such additional Subordinate Bonds the sum of (i) the principal amount of all Subordinate Bonds then Outstanding, including the Subordinate Bonds then to be authenticated and delivered, (ii) the principal amount of all Subordinate

Bonds authorized but not then to be authenticated and delivered, (iii) the principal amount of all Subordinate Credit Facility Obligations to the extent such obligations, if they become due, are not in lieu of (or do not otherwise replace) the City's obligations to pay any principal in respect of Subordinate Bonds which is included in paragraphs (i) and (ii) above; (iv) amounts that would be due from the City as termination payments under all Subordinate Hedge Facility Obligations, computed pursuant to their respective terms as if the termination date were the date of the Manager's certificate, using relevant mid-market interest rates as of the last day of the most recently completed fiscal quarter immediately preceding the date of the certificate of the Manager; and (v) the principal, or its equivalent, of all Subordinate Contract Obligations, does not exceed \$800,000,000;

(b) a certificate of the Manager to the effect that as of the time of the adoption of the Supplemental Subordinate Bond Ordinance authorizing such Subordinate Bonds the City is not in default in making any payments required by the Bond Ordinance or the General Subordinate Bond Ordinance;

(c) a certificate or opinion of an Independent Accountant, setting forth for the last audited Fiscal Year or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such Subordinate Bonds, as determined by the Independent Accountant: (i) the Net Revenues, together with any Other Available Funds, for such period, and (ii) the aggregate Debt Service Requirements and Subordinate Debt Service Requirements for such period; and demonstrating that for such period the Net Revenues, together with any Other Available Funds, at least equaled the larger of either (A) the amount needed to make the required deposits to the credit of the several subaccounts in the Bond Fund, the Bond Reserve Fund, the Subordinate Bond Fund and the Operation and Maintenance Reserve Account, or (B) an amount not less than 110% of the aggregate Debt Service Requirements and Subordinate Debt Service Requirements for such period; and

(d) a report of the Airport Consultant estimating, for each of the five Fiscal Years commencing with the earlier of either the Fiscal Year following the Fiscal Year in which the Manager estimates such Subordinate Bond Improvement Project will be completed, or the first Fiscal Year there are Subordinate Debt Service Requirements with respect to the Subordinate Bonds to be issued for such Subordinate Bond Improvement Project: (i) the Gross Revenues, and (ii) the Operation and Maintenance Expenses and other amounts required to be deposited in each of the subaccounts (other than the Redemption Account or any similar account) in the Bond Fund, the Bond Reserve Fund, the Subordinate Bond Fund and the Operation and Maintenance Reserve Account; and demonstrating that the Net Revenues in each such Fiscal Year, together with any Other Available Funds, are projected to be at least equal to the larger of either (A) the amounts needed for making the required deposits to the credit of the several subaccounts (other than the Redemption Account or other similar account) in the Bond Fund, the Bond Reserve Fund, the Subordinate Bond Fund and the Operation and Maintenance Reserve Account, or (B) an amount not less than 110% of the sum of aggregate Debt Service Requirements and Subordinate Debt Service Requirements for each such Fiscal Year, the Subordinate Debt Service Requirements of the series of Subordinate Bonds then to be issued, and the Debt Service Requirements and Subordinate Debt Service Requirements in respect of any future Senior Bonds, Subordinate Bonds, or Subordinate Obligations which the Manager shall estimate will be required to complete payment of the Cost of such Improvement Project or Subordinate Bond Improvement Project (such Debt Service Requirements or Subordinate Debt Service Requirements to be estimated by the Airport Consultant or by the Financial Consultant, if any), in each case after giving effect, among other factors, to the increase in Operation and Maintenance Expenses and to the completion of the Improvement Project or Subordinate Bond Improvement Project or any completed portion thereof, and the increase in rates, fees, rentals or other charges (or any combination thereof) as a result of the completion of such Improvement Project or Subordinate Bond Improvement Project, or any completed portion thereof.

In any computation required by the above, there is excluded from Gross Revenues any capital gain resulting from any sale or revaluation of Investment Securities or bank deposits, or both. If any one or more of the documents required above cannot be given with the required results stated therein, the City may not issue the proposed Additional Subordinate Bonds; *provided however*, the City may issue Additional Subordinate Bonds for the purpose of refunding Subordinate Bonds without having to comply with the requirements described above.

Additional Junior Lien Bonds

The General Junior Lien Bond Ordinance permits the City to issue Additional Junior Lien Bonds to pay the Cost of a Junior Lien Improvement Project. In order to issue Additional Junior Lien Bonds for a Junior Lien Improvement Project under the General Junior Lien Bond Ordinance, the City is required to obtain the certificates, opinions and reports described in subsections (a) through (c) below:

(a) a certificate of the Manager to the effect that as of the date of the adoption of the Supplemental Junior Lien Bond Ordinance authorizing such Junior Lien Bonds the City is not in default in making any payments required by the Bond Ordinance or the General Subordinate Bond Ordinance or the General Junior Lien Bond Ordinance;

(b) a certificate or opinion of an Independent Accountant, setting forth for the last audited Fiscal Year or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such Junior Lien Bonds, as determined by the Independent Accountant: (i) the Net Revenues, together with any Other Available Funds, for such period, and (ii) the sum of the aggregate Debt Service Requirements, Subordinate Debt Service Requirements and Junior Lien Debt Service Requirements for such period; and demonstrating that for such period the Net Revenues, together with any Other Available Funds, at least equaled the larger of either (A) the amount needed to make the required deposits to the credit of the several subaccounts (other than the Redemption Account or any similar account) in the Bond Fund, the Bond Reserve Fund, the Subordinate Bond Fund, the Junior Lien Obligations Fund and the Operation and Maintenance Reserve Account, or (B) an amount not less than 110% of the aggregate Debt Service Requirements, Subordinate Debt Service Requirements and Junior Lien Debt Service Requirements for such period; and

(c) a report of the Airport Consultant estimating, for each of the five Fiscal Years commencing with the earlier of either the Fiscal Year following the Fiscal Year in which the Manager estimates such Junior Lien Improvement Project will be completed, or the first Fiscal Year there are Junior Lien Debt Service Requirements with respect to the Junior Lien Bonds to be issued for such Junior Lien Improvement Project: (i) the Gross Revenues, and (ii) the Operation and Maintenance Expenses and other amounts required to be deposited in each of the subaccounts (other than the Redemption Account or any similar account) in the Bond Fund, the Bond Reserve Fund, the Subordinate Bond Fund, the Junior Lien Obligations Fund and the Operation and Maintenance Reserve Account; and demonstrating that the Net Revenues in each such Fiscal Year, together with any Other Available Funds, are projected to be at least equal to the larger of either (A) the amounts needed for making the required deposits to the credit of the several subaccounts (other than the Redemption Account or other similar account) in the Bond Fund, the Bond Reserve Fund, the Subordinate Bond Fund, the Junior Lien Obligations Fund and the Operation and Maintenance Reserve Account, or (B) an amount not less than 110% of the sum of aggregate Debt Service Requirements, Subordinate Debt Service Requirements and Junior Lien Debt Service Requirements for each such Fiscal Year, the Junior Lien Debt Service Requirements of the series of Junior Lien Bonds then to be issued, and the Debt Service Requirements, Subordinate Debt Service Requirements and Junior Lien Debt Service Requirements in respect of any future Senior Bonds, Subordinate Bonds, Junior Lien Bonds, Subordinate Obligations or Junior Lien Obligations which the Manager shall estimate will be required to complete payment of the Cost of such Improvement Project, Subordinate Bond Improvement Project or Junior Lien Improvement Project (such Debt Service Requirements, Subordinate Debt Service Requirements or Junior Lien Debt Service Requirements to be estimated by the Airport Consultant or by the Financial Consultant, if any), in each case after giving effect, among other factors, to the increase in Operation and Maintenance Expenses and to the completion of the Improvement Project, Subordinate Bond Improvement Project or Junior Lien Improvement Project or any completed portion thereof, and the increase in rates, fees, rentals or other charges (or any combination thereof) as a result of the completion of such Improvement Project, Subordinate Bond Improvement Project or Junior Lien Improvement Project, or any completed portion thereof.

In any computation required by the above, there is excluded from Gross Revenues any capital gain resulting from any sale or revaluation of Investment Securities or bank deposits, or both. If any one or more of the documents required above cannot be given with the required results stated therein, the City may not issue the proposed Additional Junior Lien Bonds. Notwithstanding anything contained herein to the contrary, in any computation required pursuant to the foregoing, (x) there shall be excluded from Gross Revenues any Hotel Revenues and from the calculation of Junior Lien Debt Service Requirements any amounts payable in respect of the Hotel Junior Lien

Obligation, and (y) to the extent provided in a Supplemental Junior Lien Bond Ordinance, there shall be excluded from Gross Revenues any specified income or revenues derived from a defined portion of the Airport System and from the calculation of Junior Lien Debt Service Requirements any amounts payable in respect of a Junior Lien Contract Obligation the payment of which is limited by reference to such specified income or revenues derived from such defined portion of the Airport System. The City may issue Additional Junior Lien Bonds for the purpose of refunding Junior Lien Bonds without having to comply with the requirements described above.

Amendments to Bond Ordinance

Certain amendments to the Bond Ordinance that were proposed and consented to by the requisite amount of the registered owners of the Senior Bonds, but not adopted by the City Council, are set forth in Appendix G—“CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT—Appendix 2 — PROPOSED AMENDMENTS TO THE BOND ORDINANCE.” These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made in the Bond Ordinance regarding which of the Proposed Amendments, if any, may eventually be adopted. The Company has consented to the Proposed Amendments. The Company has consented to these amendments.

Security

Subject only to the right of the City to pay Operation and Maintenance Expenses of the Airport System and to the obligations of the City in respect of the Senior Bonds and Obligations as provided by the Bond Ordinance, the Gross Revenues and all moneys and securities paid or to be paid to, or held or to be held in, the Subordinate Bond Fund and any other fund or account created and pledged for such purpose herein or by any Supplemental Subordinate Bond Ordinance (except moneys and securities held in any Subordinate Bond Escrow Account and except as otherwise provided in the Bond Ordinance or in any Supplemental Subordinate Bond Ordinance) are irrevocably pledged to secure the payment of the Subordinate Bond Requirements of the Subordinate Bonds and, to the extent so provided in any Supplemental Subordinate Bond Ordinance, to the payment of any Subordinate Obligations.

Subject only to the right of the City to pay Operation and Maintenance Expenses of the Airport System and to the obligations of the City in respect of the Senior Bonds and Obligations as provided by the Bond Ordinance and in respect of Subordinate Bonds and Subordinate Obligations as provided by the General Subordinate Bond Ordinance, the Gross Revenues and all moneys and securities paid or to be paid to, or held or to be held in, the Junior Lien Obligations Fund and any other fund or account created and pledged for such purpose herein or by any General Junior Lien Bond Ordinance (except moneys and securities held in any Junior Lien Bond Escrow Account and except as otherwise provided herein or in any Supplemental Junior Lien Bond Ordinance) are irrevocably pledged to secure the payment of the Junior Lien Bond Requirements of the Junior Lien Bonds and, to the extent so provided in any Supplemental Junior Lien Bond Ordinance, to the payment of any Junior Lien Obligations.

Neither the Bond Requirements of the Bonds, the Subordinate Bond Requirements of the Subordinate Bonds nor the Junior Lien Bond Requirements of the Junior Lien Bonds are to constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the Bond Requirements of the Bonds, the Subordinate Bond Requirements of the Subordinate Bonds and the Junior Lien Bond Requirements of the Junior Lien Bonds are not to be considered or held to be general obligations of the City but are to constitute its special obligations. The City has not pledged its full faith and credit and taxing power for the payment of the Bond Requirements of the Bonds, the Subordinate Bond Requirements of the Subordinate Bonds or the Junior Lien Bond Requirements of the Junior Lien Bonds .

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

Gross Revenues

“Net Revenues” is defined in the Bond Ordinance to mean Gross Revenues of the Airport System remaining after the deduction of Operation and Maintenance Expenses. “Gross Revenues” generally constitute any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project or otherwise, and includes primarily the rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof. Gross Revenues do not include, among other things, any passenger taxes or other passenger charges, including passenger facility charges (“PFCs”), imposed for the use of the Airport System, except to the extent included as Gross Revenues by the terms of any Supplemental Ordinance. Under the Series 2009A-B Supplemental Ordinance and under the Series 2012A-B Supplemental Ordinance, the City has included certain revenue derived from the PFCs in the Gross Revenues as further described under Appendix G— “CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT— FINANCIAL INFORMATION — Passenger Facility Charges — *Designated Passenger Facility Charges.*” “Operation and Maintenance Expenses” means, generally, all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Airport System. For the complete definitions of Gross Revenues and Operation and Maintenance Expenses, see Appendix G— “CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT—Appendix 1 — GLOSSARY OF TERMS.”

The Airport System Fund

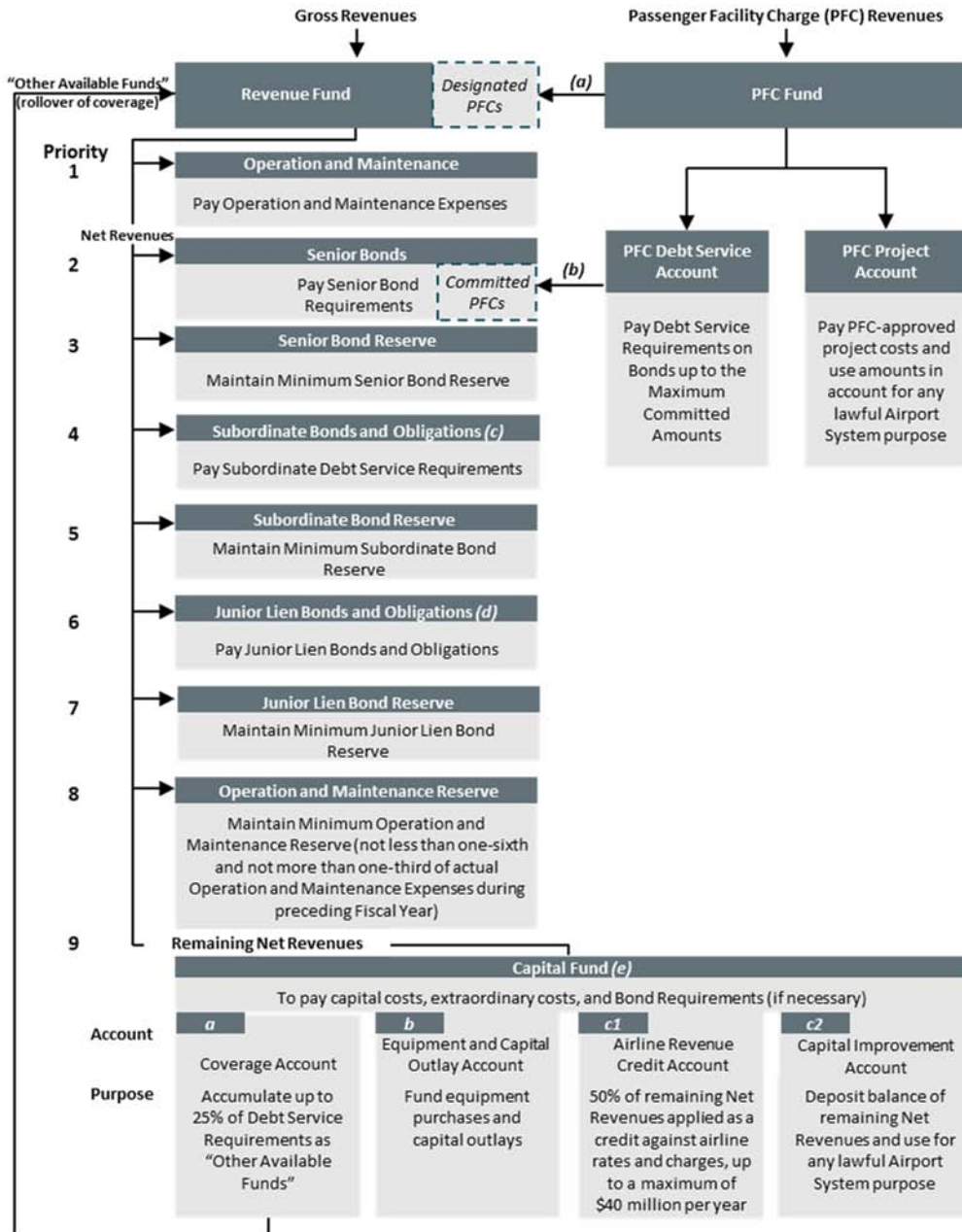
The application of Gross Revenues is governed by the provisions of the Bond Ordinance, the General Subordinate Bond Ordinance and the General Junior Lien Bond Ordinance. The Bond Ordinance creates the “City and County of Denver, Airport System Fund” (the “Airport System Fund”), and within the Airport System Fund a special fund designated the “City and County of Denver, Airport System Gross Revenue Fund” (the “Revenue Fund”) and the following accounts and subaccounts, all of which are held by the City: the Operation and Maintenance Fund (including the Operation and Maintenance Reserve Account), the Bond Fund (including the Interest Account, Principal Account, Sinking Fund Account and Redemption Account), the Bond Reserve Fund, the Subordinate Bond Fund (in which the General Subordinate Bond Ordinance creates the following accounts: the Interest Account, the Principal Account, the Sinking Fund Account, the Redemption Account and the Bond Reserve Account), the Capital Fund, the Project Fund (including the Capitalized Interest Account) and the PFC Fund (including the PFC Debt Service Account and the PFC Project Account).

The General Junior Lien Bond Ordinance affirms the creation by the Hotel Ordinance of an account in the Airport System Fund designated “City and County of Denver, Colorado, Airport System Junior Lien Obligations Fund.” The Supplemental Junior Lien Bond Ordinance affirms the creation of the “City and County of Denver, Great Hall Junior Lien Obligation Account.” The Junior Lien Obligations Fund shall be under the control of the City and shall be administered as provided in the General Junior Lien Bond Ordinance and generally as provided in the General Bond Ordinance.

Flow of Funds

The flow of funds under the Bond Ordinance, the Subordinate Bond Ordinance and the Junior Lien Bond Ordinance is illustrated in the following diagram.

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



[Footnotes on next page]

- (a) Designated Passenger Facility Charges: Represents one-third of the PFCs received by the City pursuant to the Second PFC Application (currently \$1.50 of the \$4.50 PFC) that will be considered Gross Revenues under the Bond Ordinance through 2018, and will continue as part of Gross Revenues until the City determines that such PFCs shall no longer be included in Gross Revenues for purposes of the Bond Ordinance. See Appendix G— “CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT— FINANCIAL INFORMATION — Passenger Facility Charges — *Designated Passenger Facility Charges.*”
- (b) Committed Passenger Facility Charges: Represents two-thirds of the PFCs received by the City pursuant to the First PFC Application and the Second PFC Application (the \$3.00 portion of the \$4.50 PFC) are irrevocably committed through 2018 to the payment of Debt Service Requirements on Senior Bonds, and may continue to be committed thereafter if so determined by the City. See “ Appendix G— “CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT—FINANCIAL INFORMATION — Passenger Facility Charges — *Irrevocable Commitment of Certain PFCs to Debt Service Requirements for Senior Bonds.*”
- (c) The City has issued Subordinate Bonds and incurred Subordinate Obligations under the Subordinate Bond Ordinance. The City expects to issue certain Subordinate Bonds or incur certain Subordinate Contract Obligations intended to be used for the interim financing of project costs related to the Airport’s 2018-2022 Capital Program. See Appendix G— “CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT—FINANCIAL INFORMATION — Outstanding Subordinate Bonds” and “ — Other Subordinate Obligations.”
- (d) The City adopted the General Junior Lien Bond Ordinance, which affirmed the Junior Lien Obligations Fund and an account therein previously created by an ordinance in connection with the operation of the Airport Hotel. Pursuant to the Great Hall Ordinance, the City authorized the incurrence of the Great Hall Junior Lien Obligation and the creation of the “Great Hall Junior Lien Obligation Account” within the Junior Lien Obligations Fund in connection with the Great Hall Project. See Appendix G— “CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT—DENVER INTERNATIONAL AIRPORT — Hotel and Transit Center,” Appendix G— “CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT—CAPITAL PROGRAM — Major Projects in the 2018-2022 Capital Program —*Great Hall Project,*” and Appendix G— “CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT—FINANCIAL INFORMATION — Junior Lien Bonds and Junior Lien Obligations.”
- (e) The account structure for the Capital Fund may be established by the City as necessary for accounting purposes. The accounts are not required by the Bond Ordinance and the Subordinate Bond Ordinance.

Application of Revenues

So long as any Bonds, Subordinate Bonds or Junior Lien Bonds are Outstanding, all Gross Revenues of the Airport System, upon their receipt from time to time by the City, are to be deposited to the credit of the Revenue Fund. After making the payments each month required to be credited to the Operation and Maintenance Fund, moneys in the Revenue Fund are required to be transferred and credited to the following accounts and subaccounts in the following order of priority and at the following times:

(a) to the Interest Account of the Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Bonds, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, including without limitation moneys in the Capitalized Interest Account set aside for the payment of such interest, to pay the next maturing installment of interest on such series of Bonds (in computing any required credit with respect to any Variable Rate Bonds the interest rate used is to be as provided by Supplemental Ordinance);

(b) to the Principal Account of the Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source to pay the next maturing installment of principal on of such Serial Bonds;

(c) with the same priority as the Principal Account, to the Sinking Fund Account of the Bond Fund, monthly, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one-twelfth of the amount necessary to pay the Redemption Price or principal of such Term Bonds, scheduled to be retired in any year by mandatory redemption, at fixed maturity, or otherwise, except to the extent any other moneys, including without limitation, moneys in any Escrow Account, are available therefor;

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

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

(f) to the Subordinate Bond Fund, from any moneys remaining in the Revenue Fund amounts which are required for the payment of any Subordinate Bonds and Subordinate Obligations, are to be transferred and credited to the following subaccounts in the following order of priority and at the following times:

(i) except as otherwise provided by Supplemental Subordinate Bond Ordinance, monthly, to the Interest Account of the Subordinate Bond Fund and any subaccount therein, commencing on the first day of the month immediately succeeding the issuance of any Subordinate Bonds, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, including without limitation moneys in the Capitalized Interest Account set aside for the payment of such interest, to pay the next maturing installment of interest on such series of Subordinate Bonds. In computing any required credit with respect to any Subordinate Bonds bearing interest at a variable rate, the interest rate used shall be as provided by Supplemental Subordinate Bond Ordinance; moneys accounted for in the Interest Account shall be used to pay interest on Outstanding Subordinate Bonds, as it become due;

(ii) except as otherwise provided by Supplemental Subordinate Bond Ordinance, monthly, to the Principal Account of the Subordinate Bond Fund and any subaccount therein, commencing on the first day of the month immediately succeeding the issuance of any Serial Subordinate Bonds, or commencing one year prior to the first fixed maturity date of such Serial Subordinate Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of principal of such Serial Subordinate Bonds; moneys accounted for in the Principal Account shall be used to pay the principal of Outstanding Serial Subordinate Bonds, as they mature;

(iii) except as otherwise provided by Supplemental Subordinate Bond Ordinance, monthly to the Sinking Fund Account of the Subordinate Bond Fund, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Subordinate Bonds, one-twelfth of the amount necessary, together with any moneys from time to time available from whatever source, to pay the Redemption Price or principal of such Term Subordinate Bonds to become due. Moneys shall be so credited to the Sinking Fund Account on the same priority as moneys credited to the Principal Account, and moneys accounted for in the Sinking Fund Account shall be applied to pay the Term Subordinate Bonds so scheduled to be retired in any year by mandatory redemption, at fixed maturity, or otherwise;

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

Separate subaccounts may be created within the Subordinate Bond Fund and any accounts therein by Supplemental Subordinate Bond Ordinance; provided, however, that the accumulation and application of moneys in the Subordinate Bond Fund for the payment of, or the creation of reserves for, Subordinate Obligations are on parity with or subordinate to the accumulation and application of Net Revenues for the payment of, or the creation of reserves for, Subordinate Bonds.

As a second charge on moneys credited to the Subordinate Bond Fund, after making all credits as required above, there shall be credited to the Subordinate Bond Reserve Account and any subaccount

created therein as provided by Supplemental Subordinate Bond Ordinance, in addition to any moneys required to be deposited therein by the General Subordinate Bond Ordinance, not less frequently than monthly, commencing no later than the first day of the month next succeeding each date on which any series of Subordinate Bonds with respect to which a Minimum Subordinate Bond Reserve has been designated is issued or on which the amounts credited thereto are less than the Minimum Subordinate Bond Reserve, if any, with respect to the applicable series of Subordinate Bonds, an amount in cash or Investment Securities, or both, which, if made in substantially equal installments thereafter, would be sufficient to accumulate each Minimum Subordinate Bond Reserve on or before the first day of the sixtieth month following the date of commencement (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period); a Minimum Subordinate Bond Reserve may be, but is not required to be, established with respect to any series of Subordinate Bonds; no payment need be made into the Subordinate Bond Reserve Account or any subaccount therein so long as the moneys therein shall equal not less than the Minimum Subordinate Bond Reserve with respect to all applicable Subordinate Bonds;

(g) to the Junior Lien Obligations Fund, from any moneys remaining in the Revenue Fund amounts which are required for the payment of any Junior Lien Bonds and Junior Lien Obligations, are to be transferred and credited to the following subaccounts in the following order of priority and at the following times:

(i) except as otherwise provided by Supplemental Junior Lien Bond Ordinance, monthly, to the Interest Account of the Junior Lien Obligations Fund and any subaccount therein, commencing on the first day of the month immediately succeeding the issuance of any Junior Lien Bonds, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, including without limitation moneys in the Capitalized Interest Account set aside for the payment of such interest, to pay the next maturing installment of interest on such series of Junior Lien Bonds. In computing any required credit with respect to any Junior Lien Bonds bearing interest at a variable rate, the interest rate used shall be as provided by Supplemental Junior Lien Bond Ordinance; moneys accounted for in the Interest Account shall be used to pay interest on Outstanding Junior Lien Bonds, as it become due;

(ii) except as otherwise provided by Supplemental Junior Lien Bond Ordinance, monthly, to the Principal and Junior Lien Obligation Account of the Junior Lien Obligations Fund and any subaccount therein, (i) commencing on the first day of the month immediately succeeding the issuance of any Serial Junior Lien Bonds, or commencing one year prior to the first fixed maturity date of such Serial Junior Lien Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of principal of such Serial Junior Lien Bonds; and (ii) commencing on the first day of the month immediately succeeding the incurrence of any Junior Lien Contract Obligation, or commencing one year prior to the first scheduled payment date under such Junior Lien Contract Obligation, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, to pay the next scheduled payment under such Junior Lien Contract Obligation. Moneys accounted for in the Principal Account shall be used to pay the principal of Outstanding Serial Junior Lien Bonds, as they mature, and scheduled payments under Junior Lien Contract Obligations;

(iii) except as otherwise provided by Supplemental Junior Lien Bond Ordinance, monthly to the Sinking Fund Account of the Junior Lien Obligations Fund, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Junior Lien Bonds, one-twelfth of the amount necessary, together with any moneys from time to time available from whatever source, to pay the Redemption Price or principal of such Term Junior Lien Bonds to become due. Moneys shall be so credited to the Sinking Fund Account on the same priority as moneys credited to the Principal Account, and moneys accounted for in the Sinking Fund Account shall be applied to pay the Term Junior Lien Bonds so scheduled to be retired in any year by mandatory redemption, at fixed maturity, or otherwise;

(v) except as otherwise provided by General Junior Lien Bond Ordinance, to the Redemption Account of the Junior Lien Obligations Fund, on or prior to any date on which the City exercises its option

to call for prior redemption any Junior Lien Bonds, an amount necessary to pay the Redemption Price of such Junior Lien Bonds on such Redemption Date, except to the extent any other moneys, including without limitation moneys in any Junior Lien Bond Escrow Account, are available therefor;

Separate subaccounts may be created within the Junior Lien Obligations Fund and any accounts therein by Supplemental Junior Lien Bond Ordinance.

As a second charge on moneys credited to the Junior Lien Obligations Fund, after making all credits as required above, there shall be credited to the Junior Lien Bond Reserve Account and any subaccount created therein as provided by Supplemental Junior Lien Bond Ordinance, in addition to any moneys required to be deposited therein by the General Junior Lien Bond Ordinance, not less frequently than monthly, commencing no later than the first day of the month next succeeding each date on which any series of Junior Lien Bonds with respect to which a Minimum Junior Lien Bond Reserve has been designated is issued or on which the amounts credited thereto are less than the Minimum Junior Lien Bond Reserve, if any, with respect to the applicable series of Junior Lien Bonds, an amount in cash or Investment Securities, or both, which, if made in substantially equal installments thereafter, would be sufficient to accumulate each Minimum Junior Lien Bond Reserve on or before the first day of the sixtieth month following the date of commencement (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period); a Minimum Junior Lien Bond Reserve may be, but is not required to be, established with respect to any series of Junior Lien Bonds; no payment need be made into the Junior Lien Bond Reserve Account or any subaccount therein so long as the moneys therein shall equal not less than the Minimum Junior Lien Bond Reserve with respect to all applicable Junior Lien Bonds;

(h) to the Operation and Maintenance Reserve Account, from any moneys remaining in the Revenue Fund, not less frequently than monthly, an amount in cash or Investment Securities, or both, at least equal to the amount which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Operation and Maintenance Reserve on or before the first day of the 36th month thereafter (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period); and

(i) to the Capital Fund, on the last day of each Fiscal Year and after all payments referred to in (a) through (g) above have been made, all remaining moneys in the Revenue Fund.

Moneys in the Capital Fund may be withdrawn in any priority for any one, all, or any combination of the following purposes, as the Manager may from time to time determine: (a) to pay the Costs of acquiring, improving or equipping any Airport Facilities, to the extent such Costs are not Operation and Maintenance Expenses; (b) to pay costs of extraordinary and major repairs, renewals, replacements, or maintenance items pertaining to any Airport Facilities, of a type not properly defrayed as Operation and Maintenance Expenses; and (c) to pay the Bond Requirements of any Bonds (or payments due for Subordinate Bonds) if such payment is necessary to prevent any default in the payment of such Bond Requirements.

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

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

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

No payment need be made into the Bond Reserve Fund, the Subordinate Bond Reserve Fund or the Junior Lien Bond Reserve Account so long as the moneys therein are at least equal to the Minimum Bond Reserve, Minimum Subordinate Bond Reserve or the Minimum Junior Lien Bond Reserve, and any moneys therein exceeding the Minimum Bond Reserve, Minimum Subordinate Bond Reserve or the Minimum Junior Lien Bond Reserve are

to be transferred as Gross Revenues to the Revenue Fund and used for the purposes thereof, as provided in the Bond Ordinance, the General Subordinate Bond Ordinance or the General Junior Lien Bond Ordinance. In the event any Supplemental Ordinance, Supplemental Subordinate Bond Ordinance or Supplemental Junior Lien Bond Ordinance so provides, the City may at any time or from time to time, subject to certain limitations, deposit a Credit Facility, Subordinate Credit Facility or a Junior Lien Credit Facility in the Bond Reserve Fund, Subordinate Bond Reserve Account or in the Junior Lien Bond Reserve Account, as applicable, in full or partial satisfaction of the Minimum Bond Reserve, Minimum Subordinate Bond Reserve or Minimum Junior Lien Bond Reserve; provided that any such Credit Facility, Subordinate Credit Facility or Junior Lien Credit Facility is to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund, Subordinate Bond Reserve Account or Junior Lien Bond Reserve Account as provided in the Bond Ordinance, Supplemental General Subordinate Bond Ordinance or Supplemental Junior Lien Bond Ordinance. The Supplemental Ordinances authorizing the respective series of outstanding Senior Bonds impose limitations on the City's ability to deposit a Credit Facility in the Bond Reserve Fund. The Proposed Amendments would amend the definition of "Minimum Bond Reserve" in certain respects. See Appendix G— "CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT— Appendix 1 — GLOSSARY OF TERMS" and "Proposed Amendments would amend the definition of "Minimum Bond Reserve" in certain respects. See Appendix G— "CERTAIN INFORMATION WITH RESPECT TO THE DENVER INTERNATIONAL AIRPORT— Appendix 2 — PROPOSED AMENDMENTS TO THE BOND ORDINANCE." Amounts on deposit in the Bond Reserve Fund are not available to pay debt service on any obligations other than Senior Bonds.

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

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

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

Rate Maintenance Covenant

The City has covenanted in the Bond Ordinance to fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport System (the "Rate Maintenance Covenant") in order that in each Fiscal Year the Gross Revenues, together with any Other Available Funds (consisting of transfers from the Capital Fund to the Revenue Fund), will be at least sufficient to provide for the payment of Operation and Maintenance Expenses for such Fiscal Year and for the greater of either (1) the amounts needed for making the required cash deposits to the credit of

the several subaccounts of the Bond Fund (except the Redemption Account) and to the credit of the Bond Reserve Fund, the Subordinate Bond Fund and the Operation and Maintenance Reserve Account, or (2) an amount equal to not less than 125% of the aggregate Debt Service Requirements on the Senior Bonds for the Fiscal Year.

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

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

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

If the City anticipates that it will not be able to meet the Rate Maintenance Covenant, the Bond Ordinance also gives the City the option, in addition to or in lieu of the foregoing, to reduce Operation and Maintenance Expenses or Debt Service Requirements, including irrevocably committing additional amounts to pay Debt Service Requirements. Increasing rentals, rates, fees and charges for the use of the Airport or reducing Operating and Maintenance Expenses would be subject to contractual, statutory and regulatory restrictions, and could have a detrimental impact on the operation of the Airport by making the cost of operating at the Airport less attractive to airlines, concessionaires and others in comparison to other airports, or by reducing the operating efficiency of the Airport. However, pursuant to the Use and Lease Agreements that have been executed between the City and various airlines operating at the Airport (the "Signatory Airlines"), the Signatory Airlines acknowledge that the rate base for rentals, fees and charges must generate Gross Revenues, which together with Other Available Funds must be sufficient to satisfy the Rate Maintenance Covenant of the General Bond Ordinance, and the Airlines agree to pay such rentals, rates, fees and charges.

The term "Debt Service Requirements" in the Bond Ordinance provides that, in any computation required by the Rate Maintenance Covenant, there is to be excluded from Debt Service Requirements amounts that have been irrevocably committed to make such payments. The City has irrevocably committed two-thirds of the PFCs received by the City from time to time pursuant to the First PFC Application and the Second PFC Application (the \$3.00 portion of the \$4.50 PFC) to the payment of Debt Service Requirements on the Senior Bonds through Fiscal Year 2018. This irrevocable commitment means that for purposes of determining compliance with the Rate Maintenance Covenant, the debt service to be paid from irrevocably committed PFCs is treated as a reduction in the Debt Service Requirements of Senior Bonds in each Fiscal Year through 2018.

The General Junior Lien Bond Ordinance establishes that in any computation hereinabove described, there shall be excluded from the Gross Revenues any capital gain resulting from any sale or revaluation of Investment Securities or bank deposits, or both. The City is not obligated to take any action in violation of any applicable requirements imposed by law. All such rentals, rates, fees, and other charges for the use of the Airport System must be reasonable in relation to the cost of providing, operating, and maintaining the particular Facility and the services furnished by such Facility. Notwithstanding anything contained herein to the contrary, in any computation described above, there shall be excluded from Gross Revenues any Hotel Revenues and from the calculation of Junior Lien Debt Service Requirements any amounts payable in respect of the Hotel Junior Lien Obligation.

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

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

PFC Fund

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

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

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

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

2013	\$132,673,000
2014	132,673,000
2015	132,673,000
2016	132,673,000
2017	132,673,000
2018	132,673,000

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

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

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

Notwithstanding the provisions of the PFC Supplemental Ordinances relating to the use of Passenger Facility Charges in excess of the Committed Passenger Facility Charges, Designated Passenger Facility Charges are to be included in Gross Revenues of the Airport System for purposes of the General Bond Ordinance in each of the Fiscal Years 2009 through 2018, inclusive, and are to continue to be included in Gross Revenues of the Airport System each Fiscal Year thereafter until such time as the Manager gives written notice to the Treasurer that such Designated Passenger Facility Charges are no longer to continue to be included in Gross Revenues for purposes of the General Bond Ordinance. While the Designated Passenger Facility Charges are included in Gross Revenues for purposes of the General Bond Ordinance, all such Designated Passenger Facility Charges, upon their receipt from time to time, to the extent not otherwise required to be applied under the General Bond Ordinance, are to be applied as follows: (1) first, in such amounts as the Manager determines, to pay Debt Service Requirements for Outstanding Bonds; (2) second, all Designated Passenger Facility Charges not applied as described in clause (1) above are to be irrevocably deposited in one or more Escrow Accounts established by the Manager to provide for the timely payment of Debt Service Requirements on such Outstanding Bonds as identified in such Escrow Accounts; and (3) third, all Designated Passenger Facility Charges not applied as described in (1) or (2) are to be expended for PFC eligible projects. All amounts credited to such Escrow Accounts pursuant to clause (2) in the previous sentence have been irrevocably committed to pay Debt Service Requirements on such identified Bonds and are to be excluded from the computation of Debt Service Requirements relating to the issuance of Additional Bonds under the General Bond Ordinance or any computation required by the Rate Maintenance Covenant under the General Bond Ordinance.

Project Fund

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

Payments from the Project Fund can be made only after the Manager has certified that such payments will comply with the Tax Code and upon voucher drawn by the Manager and filed with the Auditor. For each Fiscal Year after the delivery of any Bonds or any Subordinate Bonds or any Junior Lien Bonds, until the termination of each Improvement Project or Subordinate Bond Improvement Project or Junior Lien Improvement Project, the City will cause an audit to be made by an Independent Accountant of all receipts and money then on deposit in the Project Fund and all disbursements made pursuant to the provisions of the Bond Ordinance and General Subordinate Bond Ordinance and the General Junior Lien Bond Ordinance.

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

Subject to the prior application of amounts in the Capital Fund for such purpose, as provided by the Bond Ordinance, the Treasurer shall use the proceeds of any series of Subordinate Bonds credited to any subaccount in the Project Fund, without further order or warrant, to pay the Subordinate Bond Requirements of such series of Subordinate Bonds as the same become due whenever and to the extent moneys in the Subordinate Bond Fund are insufficient for that purpose, unless such Subordinate Bond proceeds shall be needed to defray Costs accrued and to accrue under any contracts then existing and relating to a Subordinate Bond Improvement Project. The Treasurer shall promptly notify the Mayor and the Manager of any such use of moneys in the Project Fund. Any moneys so used

shall be restored to the appropriate subaccount, from the first Pledged Revenues thereafter received and not needed to meet the payment requirements in the Bond Ordinance.

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

Alterations of, additions to, and deletions from any Subordinate Bond Improvement Project may be made prior to the withdrawal of all moneys accounted for in the applicable subaccount in the Project Fund in accordance with the General Subordinate Bond Ordinance, but any such alterations, additions and deletions shall not, in the opinion of the Airport Consultant, render the City incapable of performing its obligations under any rate maintenance covenant in respect of Subordinate Bonds.

Investments

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

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

Insurance

The City has covenanted that it will insure and at all times keep the Airport System insured to the extent insurable by a responsible insurance company, companies, or carriers authorized and qualified under the laws of the State to assume the risk thereof against direct physical damage or loss from fire and so-called extended coverage perils in an amount not less than 80% of the replacement value of the Facilities so insured, less depreciation; but such amount of insurance will at all times be sufficient to comply with any legal or contractual requirement which, if breached, would result in assumption by the City of a portion of any loss or damage as a co-insurer; and also, if at any time the City is unable to obtain such insurance to the extent required at reasonable cost, the City will maintain such insurance to the extent reasonably obtainable. The proceeds of all such insurance will be available for, and to the extent necessary will be applied to, the repair, reconstruction and other replacement of damaged or destroyed Facilities. If the proceeds are more than sufficient for such purpose, the balance remaining will be paid first into the Bond Reserve Fund to the extent necessary to bring the amount on deposit therein up to the then Minimum Bond Reserve, then any balance will be transferred into the Capital Fund. If such proceeds are insufficient to repair, reconstruct or otherwise replace the damaged or destroyed Facilities, the deficiency may be supplied from moneys in the Capital Fund, or any other moneys legally available for such purposes.

The City also covenants that it will at all times carry with a responsible insurance company, to the extent not provided for in leases and agreements between the City and others relating to the Airport System, insurance

covering the loss of revenues from Facilities by reason of necessary interruption, total or partial, in the use thereof, resulting from damage thereto, or destruction thereof, however caused, in such amounts as are estimated to be sufficient to provide a full normal income during the period of suspension subject to certain conditions. The Bond Ordinance also makes provision for insurance against liability to any person sustaining bodily injury or property damage or the death of any person by reason of defect or want of repair in or about the Airport System or by reason of the negligence of any employee, and against such other liability for individuals, including workmen's compensation insurance, to the extent attributed to ownership and operation of the Airport System and damage to property.

For any company insuring the Airport System under a general liability policy, the total liability of such company for all damages resulting from all bodily injury and all property damage as the result of any one occurrence, will not be less than \$75 million under a single limit of liability endorsement or other like provision of the policy regardless of the number of insureds under the policy, individuals who sustain bodily injury or property damage, claims made or suits brought on account of bodily injury or property damage, or occurrences.

Records, Reports and Audits

The City has covenanted that it will keep complete and correct books and records showing the monthly revenues derived from the Airport System or any Special Facilities and of the disposition thereof in reasonable detail as may be determined by the Manager, and in accordance with generally accepted accounting principles; and that, on the basis of such books and records, the City will cause reports to be prepared quarterly and copies to be mailed promptly (a) to the Airport Consultant and (b) to those owners of Outstanding Bonds who may request in writing such reports.

The City has covenanted it will cause an audit to be made of its books and accounts pertaining to the Airport System by an Independent Accountant as soon as practicable following the close of each Fiscal Year. The annual audit report is to include for the period covered (a) a statement showing, among other things, (i) the amount of Gross Revenues, (ii) the amount of Operation and Maintenance Expenses, (iii) the amount of Net Revenues including a statement as to the amount of Other Available Funds and as to whether or not such Net Revenues together with Other Available Funds have been at least sufficient to meet the Rate Maintenance Covenant, and (iv) the amount of any capital expenditures pertaining to the Airport System and any Special Facilities; (b) a balance sheet as of the end of the Fiscal Year; (c) a comment by the Independent Accountant concerning the City's methods of operation, accounting practices, and compliance with the Bond Ordinance and other instruments and proceedings relating to the Airport System and any Special Facilities as is deemed appropriate; (d) a list of insurance policies in effect at the end of the audit period; and (e) a recapitulation of each account and subaccount created by the Bond Ordinance and any other instrument or proceeding relating to the Airport System. Within 90 days after each annual audit report is filed with the City, copies of such reports are to be mailed to the Airport Consultant, to those owners of Outstanding Bonds who may request in writing such report, and to any others as required.

Defeasance of Senior Bonds

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

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

due on such Bond on or prior to its redemption or maturity date; and (c) in the event such Bond is not subject to redemption within the next 60 days, the City by Supplemental Ordinance will have given irrevocable instructions to effect, as soon as practicable, notice to the owner of such Bond that the deposit required by (b) above has been placed in such Escrow Account and that such Bond is deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on such Bond.

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

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

This provision would be changed by the Proposed Amendments. See Appendix 2—“PROPOSED AMENDMENTS TO THE BOND ORDINANCE.”

Defeasance of Subordinate Bonds

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

Any Subordinate Bond, prior to the maturity or Redemption Date thereof, will be deemed to have been paid if (a) in case such Subordinate Bond is to be redeemed on any date prior to its maturity, the City shall have given irrevocable instructions to effect due notice of redemption on such Redemption Date, if such notice is required; (b) there have been deposited in a Subordinate Bond Escrow Account, either (i) moneys in an amount which will be sufficient or (ii) Defeasance Securities which do not contain provisions permitting the redemption thereof at the option of the obligor, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held in such Subordinate Bond Escrow Account at the same time, will be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on such Subordinate Bond on or prior to its Redemption Date or maturity date; (c) no such Subordinate Bond shall be subject to optional or mandatory tender prior to the maturity or Redemption Date thereof; and (d) in the event such Subordinate Bond is not subject to redemption within the next 60 days, the City by Supplemental Subordinate Bond Ordinance will have given irrevocable instructions to effect, as soon as practicable, notice to the owner of such Subordinate Bond that the deposit required by (b) above has been placed in such Subordinate Bond Escrow Account and that such Subordinate Bond is deemed to have been paid and stating such maturity or Redemption Date upon which moneys are to be available for the payment of a principal of, premium, if any, and interest on such Subordinate Bond.

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

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

Defeasance of Junior Lien Bonds

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

Any Junior Lien Bond, prior to the maturity or Redemption Date thereof, will be deemed to have been paid if (a) in case such Junior Lien Bond is to be redeemed on any date prior to its maturity, the City shall have given irrevocable instructions to effect due notice of redemption on such Redemption Date, if such notice is required; (b) there have been deposited in a Junior Lien Bond Escrow Account, either (i) moneys in an amount which will be sufficient or (ii) Defeasance Securities which do not contain provisions permitting the redemption thereof at the option of the obligor, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held in such Junior Lien Bond Escrow Account at the same time, will be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on such Junior Lien Bond on or prior to its Redemption Date or maturity date; (c) no such Junior Lien Bond shall be subject to optional or mandatory tender prior to the maturity or Redemption Date thereof; and (d) in the event such Junior Lien Bond is not subject to redemption within the next 60 days, the City by Supplemental Junior Lien Bond Ordinance will have given irrevocable instructions to effect, as soon as practicable, notice to the owner of such Junior Lien Bond that the deposit required by (b) above has been placed in such Junior Lien Bond Escrow Account and that such Junior Lien Bond is deemed to have been paid and stating such maturity or Redemption Date upon which moneys are to be available for the payment of a principal of, premium, if any, and interest on such Junior Lien Bond.

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

assignment securing such Junior Lien Variable Rate Bonds or otherwise existing under the General Junior Lien Bond Ordinance.

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

Modification of the Bond Ordinance

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

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

This provision would be changed by the Proposed Amendments. See Appendix 2— “PROPOSED AMENDMENTS TO THE BOND ORDINANCE.”

Modification of the General Subordinate Bond Ordinance

The General Subordinate Bond Ordinance may be amended or supplemented by a Supplemental Subordinate Bond Ordinance without the consent of or notice to the owners of the Subordinate Bonds as follows: (a) to authorize the issuance of Subordinate Bonds or the incurrence of Subordinate Obligations and to specify and determine matters which are not contrary to or inconsistent with the General Subordinate Bond Ordinance; (b) to cure defects in the General Subordinate Bond Ordinance or comply with requirements of the Bond Ordinance; (c) to grant any additional rights to the owners of Subordinate Bonds, including, without limitation, the designation of a trustee; (d) to add covenants of the City; (e) to add limitations on the City; (f) to confirm any pledge of the Pledged Revenues or any other moneys; (g) to cause the General Subordinate Bond Ordinance to comply with the Trust Indenture Act of 1939, as amended; and (h) to effect, in connection with any Subordinate Bonds, Subordinate Obligations or otherwise any

other changes in the General Subordinate Bond Ordinance which in the opinion of an attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, do not materially and prejudicially affect the rights of the owners of any Subordinate Bonds or the beneficiaries of any Subordinate Obligations.

The General Subordinate Bond Ordinance also may be amended or supplemented by a Supplemental Subordinate Bond Ordinance adopted by the City upon the written consent of the owners of Subordinate Bonds constituting more than 50% in aggregate principal amount of all Subordinate Bonds then Outstanding and affected by the amendment or supplement. No such Supplemental Subordinate Bond Ordinance, however, may have the effect of permitting without the consent of the owner of any Outstanding Subordinate Bond or beneficiary of any Subordinate Obligation so affected: (a) a change (other than as expressly provided for in the Supplemental Subordinate Bond Ordinance authorizing such Subordinate Bond or Subordinate Obligation) in the maturity or in the terms of redemption of principal, or any installment of interest of any Outstanding Subordinate Bond or Subordinate Obligation; (b) a reduction (other than as expressly provided for in the Supplemental Subordinate Bond Ordinance authorizing such Subordinate Bond or Subordinate Obligation) of the principal, interest rate or prior redemption premium of any Outstanding Subordinate Bond or Subordinate Obligation; (c) except as provided in the General Subordinate Bond Ordinance, the creation of a lien upon or a pledge of Net Revenues ranking prior to the lien or to the pledge created by the General Subordinate Bond Ordinance; (d) a reduction of the principal amount or percentages of Subordinate Bonds, the consent of the owners of which is required for any such amendment or modifications; or (e) the establishment of priorities as between Subordinate Bonds or Subordinate Obligations issued or incurred under the General Subordinate Bond Ordinance.

In addition, the General Subordinate Bond Ordinance may not be amended or supplemented without the consent of the owner of any Outstanding Subordinate Bond or Subordinate Obligation affected thereby, unless, in the opinion of an attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, such amendment or supplement does not materially and prejudicially affect the right of the owners of any Subordinate Bonds or the beneficiaries of any Subordinate Obligations. Any consent by the owners of any such Subordinate Bonds or Subordinate Obligations shall be set forth in an instrument or instruments executed by the required owners or their appointed consent agents and filed with the Clerk, which instrument or instruments shall refer to the proposed amendments or the Supplemental Ordinance approving such amendments and shall specifically consent to and approve the adoption of such amendments. Such consent shall be irrevocable and shall be conclusive and binding upon all future owners of the same Subordinate Bonds or Subordinate Obligations.

Modification of the General Junior Lien Bond Ordinance

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

The General Junior Lien Bond Ordinance also may be amended or supplemented by a Supplemental Junior Lien Bond Ordinance adopted by the City upon the written consent of the owners of Junior Lien Bonds constituting more than 50% in aggregate principal amount of all Junior Lien Bonds then Outstanding and affected by the amendment or supplement. No such General Junior Lien Bond Ordinance, however, may have the effect of permitting without the consent of the owner of any Outstanding Junior Lien Bond or beneficiary of any Junior Lien Obligation so affected: (a) a change (other than as expressly provided for in the Supplemental Junior Lien Bond Ordinance

authorizing such Junior Lien Bond or Junior Lien Obligation) in the maturity or in the terms of redemption of principal, or any installment of interest of any Outstanding Junior Lien Bond or Junior Lien Obligation; (b) a reduction (other than as expressly provided for in the Supplemental Junior Lien Bond Ordinance authorizing such Junior Lien Bond or Junior Lien Obligation) of the principal, interest rate or prior redemption premium of any Outstanding Junior Lien Bond or Junior Lien Obligation; (c) except as provided in the Supplemental Junior Lien Bond Ordinance, the creation of a lien upon or a pledge of Net Revenues ranking prior to the lien or to the pledge created by the General Junior Lien Bond Ordinance; (d) a reduction of the principal amount or percentages of Junior Lien Bonds, the consent of the owners of which is required for any such amendment or modifications; or (e) the establishment of priorities as between Junior Lien Bonds or Junior Lien Obligations issued or incurred under the General Junior Lien Bond Ordinance.

No Supplemental Junior Lien Bond Ordinance shall permit without the consent of the owner of any Outstanding Junior Lien Bond or beneficiary of any Junior Lien Obligation so affected: (a) a change (other than as expressly provided for in the Supplemental Junior Lien Bond Ordinance authorizing such Junior Lien Bond or Junior Lien Obligation) in the maturity or in the terms of redemption of the principal of any Outstanding Junior Lien Bond or Junior Lien Obligation, or any installment of interest thereon; or (b) a reduction (other than as expressly provided for in the Supplemental Junior Lien Bond Ordinance authorizing such Junior Lien Bond or Junior Lien Obligation) in the principal amount of any Outstanding Junior Lien Bond or Junior Lien Obligation, the rate of interest thereon, or any prior redemption premium payable in connection therewith; or (c) the creation of a lien upon or a pledge of Net Revenues ranking prior to the lien or to the pledge created by this Instrument; or (d) a reduction of the principal amount or percentages of Junior Lien Bonds the consent of the owners of which is required for any such amendment or other modifications; or (e) the establishment of priorities as between Junior Lien Bonds issued or incurred under the provisions of the General Junior Lien Bond Ordinance, other than as may be expressly permitted therein.

All owners of Junior Lien Bonds or Junior obligations, by the purchase and/or acceptance (as applicable) of any Junior Lien Bonds or Junior Lien Obligations and in consideration of the same, are deemed to have consented to the adoption of the Proposed Amendments (as defined in the Official Statement dated November 17, 2016 relating to the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2016A) to the General Bond Ordinance, either in whole or in part, substantially in the form set forth in Appendix C of such Official Statement, and to the appointment of UMB Bank, n.a. (or its successors or assigns) as their agent with irrevocable instructions to file a written consent to that effect at the time and the place and in the manner provided in the General Bond Ordinance.

Events of Default Under the Bond Ordinance

The Bond Ordinance provides that each of the following events is an “Event of Default”: (a) the City’s failure to pay when due the principal of any Bond, or any prior redemption premium in connection therewith, or both, or any failure to pay any installment of interest after it is due and payable; (b) the City is rendered incapable of fulfilling its obligations under the Bond Ordinance; (c) the City’s failure to perform (or in good faith begin the performance of) all acts required of it under any contract relating to the Pledged Revenues, the Airport System, or otherwise, which failure continues for 60 days after receipt of notice by the City from the owners of 10% in principal amount of all Bonds then Outstanding of such failure; (d) the City discontinues, delays, or fails to carry out the repair, reconstruction or replacement of any material part of the Airport System (which, if not promptly repaired, would have a material adverse effect on the Pledged Revenues) which is destroyed or damaged and is not promptly replaced (whether such failure to replace the same is due to impracticability of such replacement, is due to a lack of moneys therefor, or for any other reason); (e) an order or decree is entered with the City’s consent appointing a receiver for the Airport System or the Pledged Revenues derived therefrom, or having been entered without the consent of the City, such order or decree is not vacated, discharged, or stayed on appeal within 60 days after entry; (f) the City defaults in the due and punctual performance of any other covenants, agreements, and provisions contained in any Bonds or in the Bond Ordinance on its part to be performed, and such default has continued for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the City by the owners of 10% in principal amount of all Bonds then Outstanding; (g) the City files a petition pertaining to its Airport System and seeking a composition of indebtedness under the Federal Bankruptcy Law, or under any other applicable law or statute of the United States of America or the State; and (h) such other Event of Default as is set forth in any Supplemental Ordinance; provided, however, that it will not be an Event of Default under clauses

(c) or (f) if the Manager determines that corrective action has been instituted within the 60-day period and is being diligently pursued.

Events of Default under the General Subordinate Bond Ordinance

The General Subordinate Bond Ordinance provides that each of the following events is an “event of default”:

- (a) an Event of Default shall have occurred with respect to any Senior Bonds;
- (b) the City’s failure to pay the principal of any Subordinate Bonds, or any prior redemption premium in connection therewith, or both, when the same becomes due and payable either at maturity, by mandatory or optional prior redemption or otherwise;
- (c) the City’s failure to pay any installment of interest on any Subordinate Bond when the same becomes due and payable;
- (d) the City’s failure to pay the principal of, interest on, or any other amount due in connection with any Subordinate Obligation when the same becomes due and payable;
- (e) the City fails to perform any of the representations, covenants, conditions, agreements and other provisions contained in any Subordinate Bonds or in the General Subordinate Bond Ordinance on its part to be performed, and such failure continues for sixty days after written notice specifying such failure and requiring the same to be remedied is given to the City by the owners of 25% in principal amount of the Subordinate Bonds then Outstanding; provided, however, it shall not be considered an event of default if the Manager determines that corrective action has been instituted within such sixty day period and is being diligently pursued; and
- (f) such other events of default as are provided for in any Supplemental Subordinate Bond Ordinance or any series of Subordinate Bonds.

Events of Default under the General Junior Lien Bond Ordinance

The General Junior Lien Bond Ordinance provides that each of the following events is an “event of default”:

- (a) an Event of Default shall have occurred with respect to any Subordinate Bonds ;
- (b) the City’s failure to pay the principal of any Junior Lien Bonds, or any prior redemption premium in connection therewith, or both, when the same becomes due and payable either at maturity, by mandatory or optional prior redemption or otherwise;
- (c) the City’s failure to pay any installment of interest on any Junior Lien Bond when the same becomes due and payable;
- (d) the City’s failure to pay the principal of, interest on, or any other amount due in connection with any Junior Lien Obligation when the same becomes due and payable;
- (e) the City fails to perform any of the representations, covenants, conditions, agreements and other provisions contained in any Junior Lien Bonds or in the General Junior Lien Bond Ordinance on its part to be performed, and such failure continues for sixty days after written notice specifying such failure and requiring the same to be remedied is given to the City by the owners of 25% in principal amount of the Junior Lien Bonds then Outstanding; provided, however, it shall not be considered an event of default if the Manager determines that corrective action has been instituted within such sixty day period and is being diligently pursued; and
- (f) such other events of default as are provided for in any General Junior Lien Bond Ordinance or any series of Junior Lien Bonds.

The City may, by Supplemental Junior Lien Bond Ordinance or in any agreement relating to any Junior Lien Obligation, agree to any and all events of default contained in the General Junior Lien Bond Ordinance as well as any additional events of default with respect to Junior Lien Obligations.

Remedies of Owners of Senior Bonds

Upon the occurrence and continuance of any Event of Default under the Bond Ordinance (except as otherwise provided by Supplemental Ordinance with respect to Credit Enhanced Bonds), so long as such event of default has not been remedied, unless the principal of all Subordinated Bonds or Junior Lien Bonds has already become due and payable the owners of not less than 10% in principal amount of all Bonds then Outstanding may declare the principal and interest of the Bonds then Outstanding due and immediately payable and proceed against the City to protect and enforce the rights of the owners of the Bonds issued under the Bond Ordinance by mandamus or by other suit, action, or special proceedings in equity, or at law, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in, or by any award of execution of any power granted in the Bond Ordinance or for the enforcement of any proper legal or equitable remedy as such bond owners may deem most effectual to protect and enforce such rights, or for acceleration subject to the conditions of the Bond Ordinance. No remedy specified in the Bond Ordinance is intended to be exclusive of any other remedy, and each and every remedy is to be cumulative.

Upon the happening of an Event of Default under the Bond Ordinance, the City will perform all acts on behalf of the owners of the Bonds to protect the security created for the Bonds and to insure timely payment thereof. During the continuance of an Event of Default, subject to any limitations with respect to payment of Credit Enhanced Bonds, the City, after payment (but only out of moneys received other than pursuant to a draw on a Credit Facility) of the amounts required for reasonable and necessary Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the Airport System necessary in the judgment of the City to prevent a loss of Gross Revenues, will apply all moneys, securities and funds under the Bond Ordinance, including, without limitation, Gross Revenues as an express trust for the owners of the Bonds and will apply the same toward the payment of principal of and interest on the Bonds in the order specified in the Bond Ordinance.

Remedies for Owners of Subordinate Bonds

Upon the occurrence and continuance of any of any Event of Default under the General Subordinate Bond Ordinance (except as otherwise provided by Supplemental Subordinate Bond Ordinance with respect to Subordinate Credit Enhanced Bonds), so long as such event of default has not been remedied, unless the principal of all Subordinate Bonds has already become due and payable, the owners of not less than 25% in principal amount of all Subordinate Bonds then Outstanding may declare the principal and interest of the Subordinate Bonds then Outstanding due and payable immediately and proceed against the City to protect and enforce the rights of the owners of the Subordinate Bonds issued under the General Subordinate Bond Ordinance, in each case by mandamus or by other suit, action, or special proceedings in equity, or at law, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in, or by any award of execution of any power granted in the General Subordinate Bond Ordinance, or for the enforcement of any proper legal or equitable remedy as such bond owners may deem most effectual to protect and to enforce such rights. No remedy specified in the General Subordinate Bond Ordinance is intended to exclusive of any other remedy, and each and every remedy is to be cumulative.

Upon the happening of an Event of Default under the General Subordinate Bond Ordinance, the City will perform all acts on behalf of the owners of the Subordinate Bonds to protect the security created for the Subordinate Bonds and to ensure timely payment thereof. During the continuance of an Event of Default under the General Subordinate Bond Ordinance, subject to any limitations with respect to payment of Subordinate Credit Enhanced Bonds, the City, after payment (but only out of moneys received other than pursuant to a draw on a Subordinate Credit Facility) of the amounts required for reasonable and necessary Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the Airport System necessary in the judgment of the City to prevent a loss of Gross Revenues, will apply all moneys, securities and funds under the General Subordinate Bond Ordinance, including, without limitation, Gross Revenues as an express trust for the owners of the Subordinate Bonds will apply the same toward the payment of principal of and interest on the Subordinate Bonds in the order specified in the General Subordinate Bond Ordinance.

Remedies for Owners of Junior Lien Bonds

Upon the occurrence and continuance of any of any Event of Default under the General Junior Lien Bond Ordinance (except as otherwise provided by Supplemental Junior Lien Bond Ordinance with respect to Junior Lien Credit Enhanced Bonds), so long as such event of default has not been remedied, unless the principal of all Junior Lien Bonds has already become due and payable, the owners of not less than 25% in principal amount of all Junior Lien Bonds then Outstanding may declare the principal and interest of the Junior Lien Bonds then Outstanding due and payable immediately and proceed against the City to protect and enforce the rights of the owners of the Junior Lien Bonds issued under the General Junior Lien Bond Ordinance, in each case by mandamus or by other suit, action, or special proceedings in equity, or at law, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in, or by any award of execution of any power granted in the General Junior Lien Bond Ordinance, or for the enforcement of any proper legal or equitable remedy as such bond owners may deem most effectual to protect and to enforce such rights. No remedy specified in the General Junior Lien Bond Ordinance is intended to exclusive of any other remedy, and each and every remedy is to be cumulative.

Upon the happening of an Event of Default under the General Junior Lien Bond Ordinance, the City will perform all acts on behalf of the owners of the Junior Lien Bonds to protect the security created for the Junior Lien

Bonds and to insure timely payment thereof. During the continuance of an Event of Default under the General Junior Lien Bond Ordinance, subject to any limitations with respect to payment of Junior Lien Credit Enhanced Bonds, the City, after payment (but only out of moneys received other than pursuant to a draw on a Junior Lien Credit Facility) of the amounts required for reasonable and necessary Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the Airport System necessary in the judgment of the City to prevent a loss of Gross Revenues, will apply all moneys, securities and funds under the General Junior Lien Bond Ordinance, including, without limitation, Gross Revenues as an express trust for the owners of the Junior Lien Bonds will apply the same toward the payment of principal of and interest on the Junior Lien Bonds in the order specified in the General Junior Lien Bond Ordinance.

Competing Facilities

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

Corporate Existence

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

Disposal of Airport Property

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

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

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

Miscellaneous

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

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APPENDIX K

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

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

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**City and County of Denver
Municipal Airport System
ANNUAL FINANCIAL REPORT
December 31, 2016 and 2015**



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City and County of Denver
Municipal Airport System

ANNUAL FINANCIAL REPORT

December 31, 2016 and 2015

City and County of Denver
Municipal Airport System

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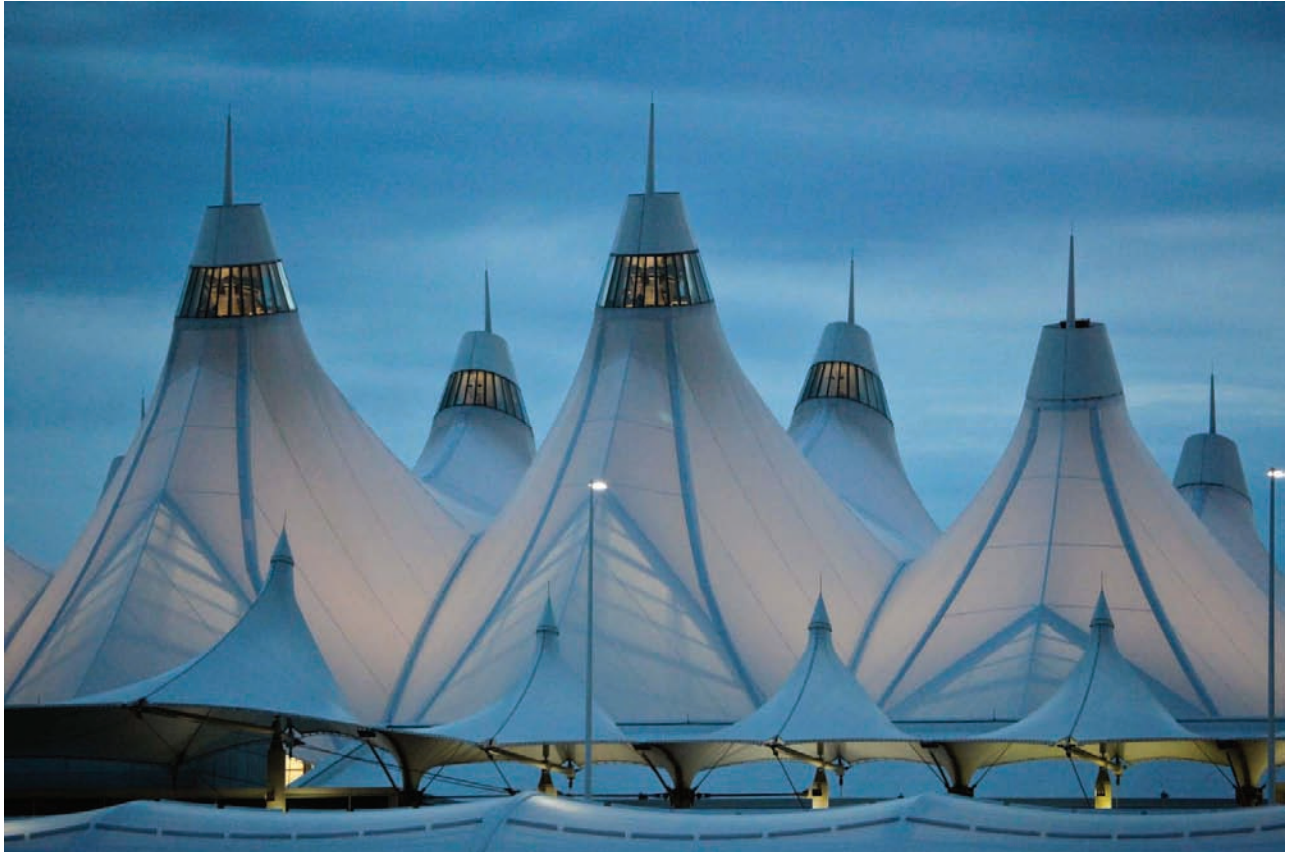
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2016 Annual Financial Report



Introductory Section (Unaudited)

City and County of Denver

Municipal Airport System

INTRODUCTION (UNAUDITED)

December 31, 2016 and 2015

Introduction

The Municipal Airport System (Airport) is organized as a department of the City and County of Denver, Colorado (the City). The Airport includes Denver International Airport (DEN or the Airport) and former Stapleton International Airport (Stapleton). The Airport is headed by a Chief Executive Officer who reports directly to the Mayor. In addition, the senior management team further consists of five executive vice presidents. This report was prepared by the Airport's Finance Division in collaboration with other Airport personnel to provide a better understanding of the Airport.

The Airport is an enterprise fund of the City. Enterprises are defined as government-owned businesses authorized to issue their own revenue bonds and receiving fewer than 10% of their annual revenues in grants from all State and Local governments combined. An enterprise fund is established to account for operations that are financed and operated in a manner similar to business-type activities, where fees are charged to external parties to cover the costs of providing goods and services. An enterprise fund uses the accrual basis of accounting, and accordingly, revenues are recognized when earned and expenses are recognized as incurred.

Description of DEN

Situated approximately 24 miles northeast of downtown Denver, DEN is the primary air carrier airport serving the region. According to Airports Council International, in 2016, DEN was the sixth busiest airport in the United States and the eighteenth busiest in the world, serving 58.3 million passengers. DEN comprises approximately 33,800 acres (53 square miles) of land, an area twice the size of the island of Manhattan and is the second largest physical airport in the world. The passenger terminal complex is reached via Peña Boulevard, a 12-mile dedicated access road which connects Interstate 70 and intersects with E-470 toll highway. DEN has six runways—four oriented north-south and two oriented east-west. Five runways are 12,000 feet long and 150 feet wide. The sixth runway is 16,000 feet long and 200 feet wide, providing unrestricted global access for any airline and the ability to accommodate fully loaded jumbo jets, including the Airbus A-380.

The Airport's passenger terminal complex has a landside terminal and three airside concourses, as well as cargo and general aviation facilities. The landside terminal accommodates passenger ticketing, baggage claim, concessions, and passenger screening and is flanked by roads and curbs for public and private vehicles. Automobile parking is available in public garages adjacent to the landside terminal and in surface parking lots. DEN has a total of 16,644 parking spaces in the public garages and 27,426 spaces in the surface parking lots. Spaces are also provided for employee parking. Additional passenger services include car rental facilities and ground transportation. On November 19, 2015, a new 519-room Westin hotel and conference center was opened to the public and is connected to the terminal via a public plaza. In April 2016, passenger rail service to downtown Denver began via a train station in the same area.

Passengers travel between the landside terminal and three airside concourses (Concourses A, B, and C) via an underground Automated Guideway Transit System (AGTS). In addition, there is a pedestrian passenger bridge to Concourse A. The passenger terminal complex includes a landside terminal and three airside concourses with a total of 107 full-service contact gates and 40 ground loading positions.

Metro Area

The Denver Metropolitan Area (Metro Denver), with a population of more than 3.0 million, is the primary region served by DEN. Metro Denver is comprised of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties. Metro Denver is home to 10 Fortune 500 companies, and was ranked #1 in "Best Places for Business and Careers" by Forbes Magazine. U.S. News and World Report also ranked Denver #1 in "Best Places to Live" in 2016.



City and County of Denver

Municipal Airport System

INTRODUCTION (UNAUDITED)

December 31, 2016 and 2015

Metro Denver's diverse employment base across various industries, central location and transformation of its transportation network has positioned it to become a key distribution hub, fostering strong economic growth and development for the region/state. With an unemployment rate of 2.6%, as of December 2016, Denver Metro was second lowest among large metropolitan areas with one million or more workers.

Air Traffic

Located close to the geographic center of the United States mainland, Denver has long been a major air transportation hub. Denver has airline service to more than 180 cities. Denver's natural geographic advantage as a connecting hub location has been enhanced by the Airport's ability to accommodate aircraft landings and takeoffs in virtually all weather conditions. Total passenger traffic at DEN was up 7.9% in 2016, compared with a national average increase of 3.3% as reported by the Department of Transportation's Bureau of Transportation Statistics (BTS). In 2016, 58.3 million passengers traveled through DEN, with approximately 63.5% originating or terminating their air journeys in Denver, and 36.5% connecting to flights beyond Denver. Originating and destination traffic (O&D) increased by 6.9% in 2016. As shown in Table 1, as of December 31, 2016, 24 airlines provided scheduled passenger service at DEN: 10 major/national airlines, 8 regional/commuter airlines, and 6 foreign-flag airlines.

In addition, several passenger charter and all-cargo airlines, including Federal Express and United Parcel Service provide service at the Airport.

Table 1
Scheduled Passenger Airlines Serving Denver

<u>Major/National</u>	<u>Regional/Commuter</u>
Alaska Airlines	American Eagle
American Airlines	Boutique Air
Delta Airlines	Denver Air Connection
Frontier Airlines	Delta Connection
JetBlue Airways	Elite Airways
Southwest Airlines	Great Lakes Airlines
Spirit Airlines	PenAir
Sun Country Airlines	United Express
United Airlines	
Virgin Airlines	
	<u>Foreign Flag</u>
	Aeromexico
	Air Canada
	British Airways
	Icelandair
	Lufthansa German Airlines
	Volaris

Source: Airport management records December 31, 2016

City and County of Denver
Municipal Airport System
INTRODUCTION (UNAUDITED)

December 31, 2016 and 2015

Airline Use and Lease Agreements

On September 19, 2014 United Airlines and the Airport agreed to an additional 10-year lease commitment provided that the Airport restructured debt by December 31, 2014. The amendment became effective on January 1, 2015 and extends the lease to February 28, 2035. All other signatory airlines, including Southwest and Frontier, operate under two year Use and Lease Agreements which expire on December 31, 2018. DEN has two one-year options to extend the lease through December 31, 2019 or December 31, 2020.

Airlines Rates, Fees, and Charges

The Airport has a hybrid rate structure that is established by the Use & Lease Agreements which is a combination of residual and compensatory rate methods based on cost recovery principles. Residual cost centers recover the full cost of operations from the airlines such as the airfield (i.e. landing fees). Compensatory cost centers recover only the costs associated with the space that has been leased by the airlines (i.e. terminal buildings) and allows the Airport to lease vacant space to concessionaires and other tenants for non-airline revenue opportunities. These opportunities allow the Airport to generate free cash flow for reinvestment. In return, the Use & Lease Agreement has established a revenue share between the Airport and airlines, with the airlines receiving 50% of the net revenue up to a \$40 million cap per year. In 2016, the Airport is estimated to deposit \$72.1 million into the capital improvement account that can be used for any lawful airport purpose. The net revenue available for sharing for the years ended December 31, 2007 through 2016 is reflected in Table 2 below:

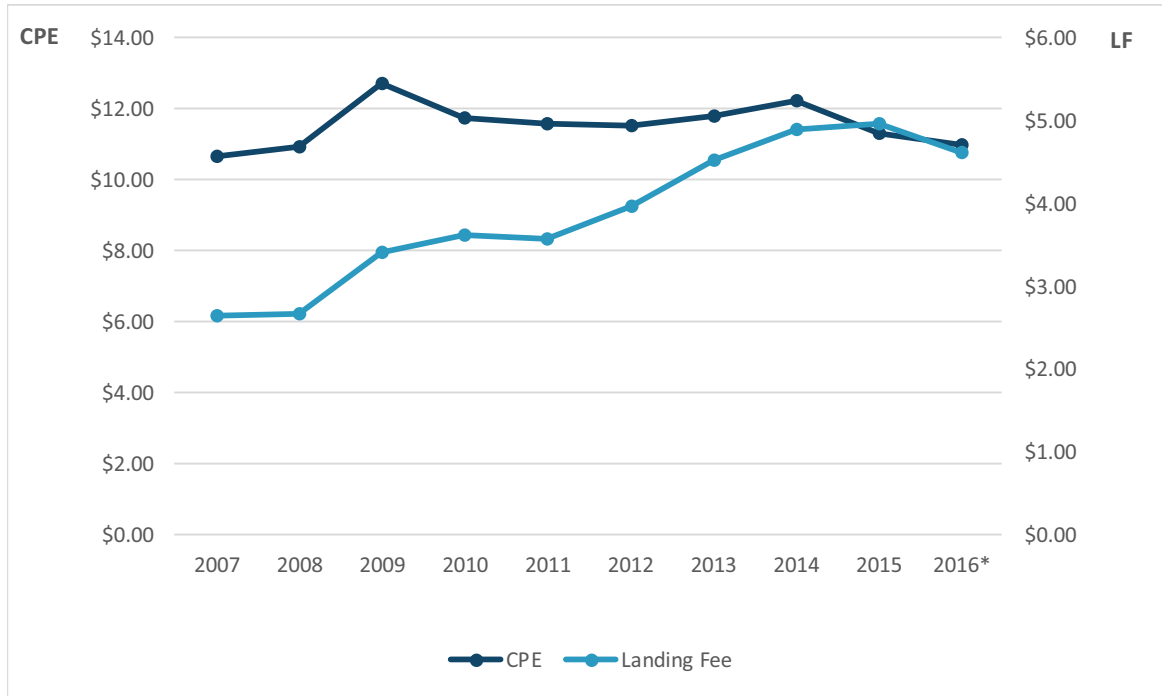
Table 2
Net Revenue Available for Sharing
(In thousands)

Year	Total	Airport share
2007	89,152	49,152
2008	73,508	36,402
2009	49,681	24,481
2010	87,188	47,188
2011	126,686	86,686
2012	121,695	81,695
2013	122,784	82,784
2014	134,612	94,612
2015	130,147	90,147
2016	* 112,091	72,091

* Estimated amount

Source: Airport Management

City and County of Denver
Municipal Airport System
INTRODUCTION (UNAUDITED)
December 31, 2016 and 2015



CPE = Cost per enplaned passenger. The numbers above reflect an average across all carriers. Individual airlines may have a CPE higher or lower than this based on their individual operating models.

LF = Landing Fee – Cost per 1,000 lbs. landed weight.

Note: Airport Year-End Settlement Reports

*Landing Fee and CPE are not finalized until the year-end settlement is completed

From 2007 to 2008, the overall cost per enplanement (CPE) increased slightly. In 2009, the CPE increase was due to a partial airline revenue credit, the elimination of the one-time State Aviation Fuel Tax rebate, and fewer enplaned passengers as a result of an economic downturn. From 2010 to 2012 the CPE declined (2.0%) due to the full revenue credit being realized, as well as increases in enplanements. The CPE increased from 2013 through 2014 as overall airline cost center expenses increased at a greater rate than the growth in enplaned passengers. Subsequently, the overall CPE was down 7.3% and 5.7% in 2015 and 2016, respectively, driven by changes in leased space, managing airline costs, and increases in enplanements.

From 2007 to 2008, the landing fees remained relatively flat. In 2009, the landing fee significantly increased due to the combination of operating expense increases for airfield chemicals and snow removal costs, a lower offset of State Aviation Fuel Tax revenue to the airfield, and lower landed weight. In 2010, the landing fee was slightly lower due to lower operating expenses and an increase in the offset of oil and gas revenues. From 2012 through 2014, the landing fee increased primarily due to an increase in airfield related expenses and lower landed weight. In 2015 and 2016, the landing fee decreased slightly, primarily driven by a decrease in airfield debt service requirements and amortization charges.

City and County of Denver
Municipal Airport System
INTRODUCTION (UNAUDITED)

December 31, 2016 and 2015

United Group

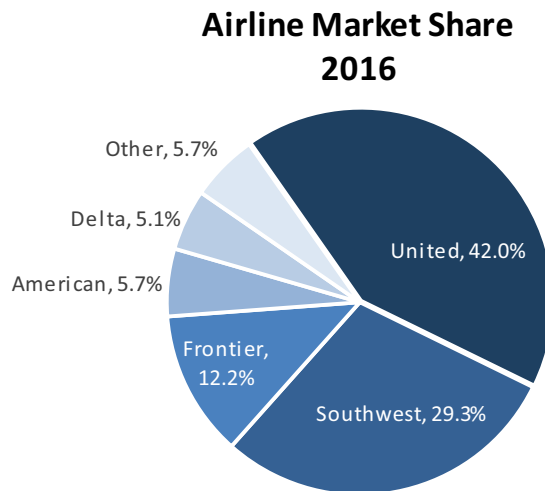
United Group (United) includes the operations of United Airlines, as well as United Express. United is one of the world’s largest airlines and is the principal air carrier operating at DEN. United operates a major connecting hub at Denver International Airport under a use-and-lease agreement with the City that expires in 2035. United currently leases 52 full-service contact gates on Concourse B and 14 ground loading positions. DEN is United’s most profitable hub and has the highest connecting percentage of any of the seven domestic United hubs. At DEN, United accounted for 42.0% of passenger enplanements in 2016.

Southwest Airlines

Southwest Airlines (Southwest) has the second largest market share at the Airport for 2016. Southwest began service at the Airport in January 2006 and since that time has experienced strong and continued growth at DEN, which is the airline’s fourth busiest station in its system. Southwest leases 23 full-service contact gates on Concourse C. Southwest accounted for 29.4% of passenger enplanements in 2016.

Frontier Airlines

Frontier Airlines (Frontier) has the third largest market share at DEN for 2016. DEN is Frontier’s only hub and, in 2016, the busiest airport in the Frontier system. Frontier has transformed its business model from a low-cost carrier to an ultra-low cost carrier. Frontier leases 8 full-service contact gates on Concourse A. Frontier accounted for 12.2% of passenger enplanements at the Airport in 2016.



Cash Management

The Airport’s cash is under the control of the City’s Chief Financial Officer who invests the funds pursuant to the City’s Investment Policy. As of December 31, 2016 and 2015, cash and investments totaled \$1,544.6 million and \$1,701.7 million, respectively. Current investment vehicles include municipal securities, corporate bonds, multi-national fixed income, structured products, U.S. Treasury securities, and U.S. Agency securities. In 2016 and 2015, the City charged fees of \$497,851 and \$497,804 to the Airport for performing the cash management function.

City and County of Denver

Municipal Airport System

INTRODUCTION (UNAUDITED)

December 31, 2016 and 2015

Accounting and Internal Control

The Airport follows accounting principles generally accepted in the United States of America applicable to governmental unit enterprise funds. Accordingly, the financial statements are prepared on the accrual basis of accounting in accordance with these accounting principles. In developing and evaluating the Airport's accounting system, consideration has been given to the adequacy of internal controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits require estimates and judgments by management.

We believe that the Airport's process of internal control adequately safeguards assets and provides reasonable assurance that financial transactions are recorded properly.

Acknowledgments

The preparation of this report in a timely and efficient manner is the result of, in large part, the dedicated service and professionalism of the Airport's accounting staff. We thank all members of the Airport who contributed to the preparation of the report.

Respectfully Submitted,



Kim Day
Chief Executive Officer



Gisela Shanahan
Chief Financial Officer

Independent Auditor's Report

Audit Committee
City and County of Denver
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the City and County of Denver, Colorado Municipal Airport System (the Airport System), an enterprise fund of the City and County of Denver, Colorado (the City), as of and for the years ended December 31, 2016 and 2015 and the related notes to financial statements, which collectively comprise the Airport System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Committee
City and County of Denver

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport System as of December 31, 2016 and 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Airport System are intended to present the financial position and the changes in financial position and cash flows of only those portions of the business-type activities of the City that are attributable to the transactions of the Airport System. They do not purport to, and do not, present fairly the financial position of the City as of December 31, 2016 and 2015, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport System's basic financial statements. The information listed in the table of contents under "Introductory Section" and "Other Information Section", is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Audit Committee
City and County of Denver

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2017, on our consideration of the Airport System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport System's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
May 26, 2017

2016 Annual Financial Report



Management's Discussion And Analysis (Unaudited)

City and County of Denver Municipal Airport System

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2016 and 2015

Management's Discussion and Analysis (MD&A)

The following discussion and analysis of the financial position and activity of the Municipal Airport System (the Airport) of the City and County of Denver, Colorado (the City) provides an introduction and understanding of the basic financial statements of the Airport as of and for the years ended December 31, 2016 and 2015. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Financial Highlights

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

Operating expenses, exclusive of depreciation and amortization, were \$469.8 million for the year ended December 31, 2016, an increase of \$33.0 million, or 7.6%, as compared to the year ended December 31, 2015. The increase over the prior year was driven by the inclusion of a full year of operational expenses from the hotel, personnel expenses, and an increase in contractual services related to snow removal expenses and key professional services. These increases were offset by a reduction in repair and maintenance projects.

Overview of the Financial Statements

The Airport's financial statements consist of its statements of net position, statements of revenues, expenses, and changes in net position, statements of cash flows, and notes to the financial statements. The statements of net position present information on the Airport's assets, deferred outflows, liabilities, deferred inflows and net position. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the Airport is improving or deteriorating. The statements of revenues, expenses, and changes in net position present information showing how the Airport's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

This report also includes required supplementary information for the Airport's pension information, other postemployment benefit plan and other information presented for the purposes of additional analysis.

In accordance with guidance prepared by the staff of the Governmental Accounting Standards Board (GASB), because the Airport presents comparative financial statements, its MD&A is required to address both years presented in the comparative financial statements. Therefore, the Airport's MD&A presents three years of comparative data – current year, the prior year and the year preceding the prior year (i.e., 2016, 2015, and 2014). During 2015, the Airport adopted GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Financial information for 2014 has not been adjusted for adoption of GASB 68.

City and County of Denver
Municipal Airport System

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2016 and 2015

Summary of Revenues, Expenses, and Changes in Net Position

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

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

* Restated for GASB 68

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

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

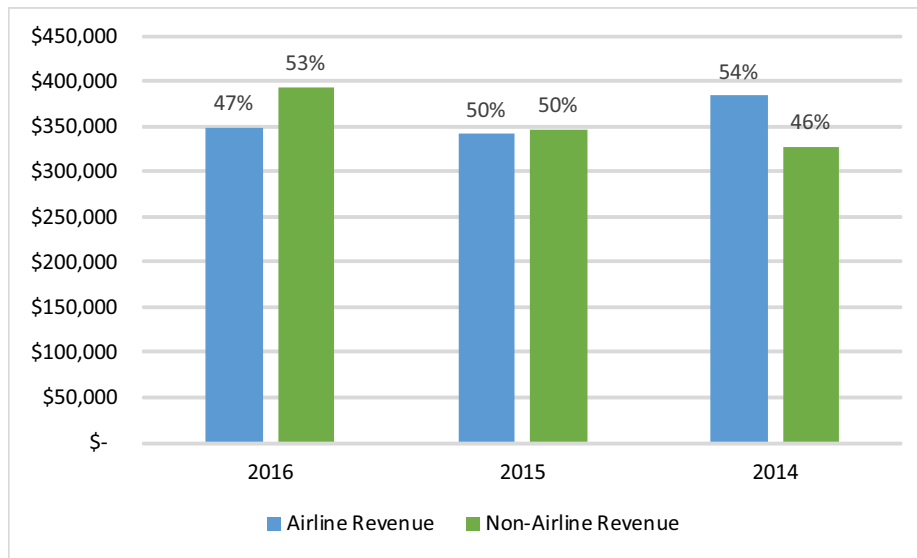
City and County of Denver
Municipal Airport System

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2016 and 2015

Percentage of Total Operating Revenues

(\$ in thousands)



2016/2015

Total airline revenues at the Airport were \$349.3 million, an increase of \$7.9 million, or 2.3%, for the year ended December 31, 2016, as compared to the year ended December 31, 2015.

Facility rentals increased by \$4.4 million, or 2.3%, due to rental rates and space adjustments.

Landing fees increased by \$3.5 million, or 2.4%, related to the final year-end 2015 settlement true-up.

Total non-airline revenues at the Airport were \$393.3 million, an increase of \$47.1 million, or 13.6%, for the year ended December 31, 2016, as compared to the year ended December 31, 2015.

Parking revenue decreased by (\$1.5) million, or (0.9%), partially due to the offering of additional options and alternative methods of transportation (e.g. Uber, Lyft, RTD A-Line, Off Site Parking), as well as parking rates remaining flat.

Concession revenues between 2016 and 2015 increased \$7.7 million, or 13.0%, due to the openings of new locations, a full year of activity for Concourse C expansion locations, along with an increase in enplaned passengers.

Car rental revenue increased by \$1.4 million, or 2.2%, due to an increase in O&D passengers.

Hotel revenues between 2016 and 2015 increased \$40.1 million due to the hotel being operational for all twelve months of 2016. The 2016 hotel revenue was \$43.3 million.

Aviation fuel tax decreased in 2016 by (\$0.6) million, or (2.9%), due to a decrease in the price of fuel during the year.

Ground Transportation increased \$0.9 million, or 9.6%, due to an increase in Uber and Lyft growth as well as an increase in O&D passenger traffic.

City and County of Denver
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2016 and 2015

Other sales and charges decreased by (\$0.9) million, or (8.9%), primarily due to a decrease in royalties from oil and gas.

The Airport's activities changed as described below for the year ended December 31, 2016, as compared to 2015:

	<u>2016</u>	<u>2015</u>	<u>Percentage Change</u>
Passengers (in thousands)	58,267	54,015	7.9%
Enplanements (in thousands)	29,140	27,019	7.9%
Landed Weight (in millions)	32,421	30,055	7.9%
Aircraft Operations (in thousands) ⁽¹⁾	573	548	4.5%
Cargo (in thousand tons)	231	273	(15.5%)

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

2015/2014

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

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

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

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

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

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

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

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

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

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

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

City and County of Denver
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2016 and 2015

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

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

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

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

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

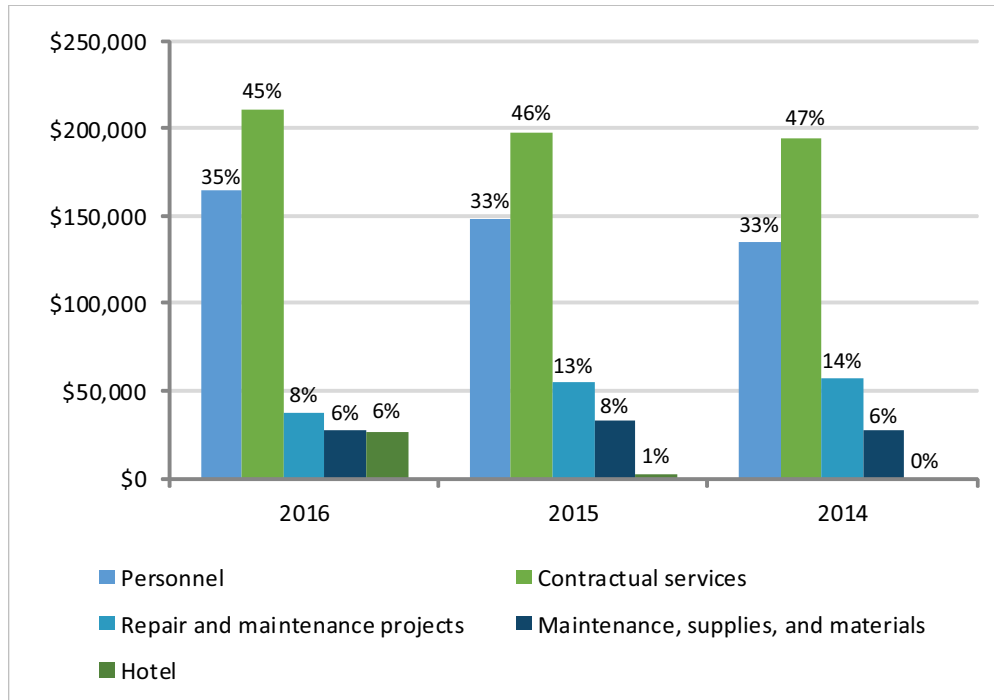
City and County of Denver
Municipal Airport System

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2016 and 2015

Percentage Total Operating Expenses before Depreciation and Amortization

(\$ in thousands)



City and County of Denver Municipal Airport System

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2016 and 2015

2016/2015

Operating expenses, exclusive of depreciation and amortization, were \$469.8 million for the year ended December 31, 2016, an increase of \$33.0 million, or 7.6%, as compared to year ended December 31, 2015.

Personnel services increased \$16.6 million, or 11.2%, in 2016, primarily due to a \$14.5 million pension expense as measured under GASB 68, as well as increases in annual salaries and benefits.

Contractual services increased by \$15.2 million, or 7.7%, due to an increase in amount of snowfall from 57.8 inches during the 2014/2015 season to 72.8 inches during the 2015/2016 season, resulting in higher snow removal expenses during the first two quarters of 2016, as well as an increase in professional services throughout the year.

Repair and maintenance decreased by (\$17.8) million, or (32.2%), primarily due to variances in project scope when compared to prior year. During 2015, more costs were incurred on repair projects that did not extend the life of discrete assets. During 2016, more projects were deemed to extend asset lives, and were accounted for as capital improvements.

Maintenance, Supplies and Materials decreased by (\$5.4) million, or (16.3%), due to decreased spend on computer equipment and less snow-removal chemicals used during the 2016 fiscal year.

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

2015/2014

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

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

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

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

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

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

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

2016/2015

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

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



City and County of Denver
Municipal Airport System

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2016 and 2015

2015/2014

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

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

Summary of Net Position

The following is a summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of December 31, 2016, 2015, and 2014 (\$ in thousands):

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

City and County of Denver Municipal Airport System

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2016 and 2015

2016/2015

Total assets decreased by (\$109.3) million, or (2.1%), in 2016 compared to 2015. This was primarily due to a (\$157.1) million, or (9.2%), decrease in cash and investments (combined restricted and unrestricted). This decrease is offset by a \$55.7 million, or 1.6%, increase in capital assets. Buildings increased by \$452.9 million, or 19.6%, due to new facilities and facility improvements entering service during 2016 (primarily the transit center, RTD platform, and a new fire station). The increase in buildings is largely offset by a (\$356.9) million, or (66.3%), decrease in the construction in process balance. The remaining offset is related to recording depreciation expense of \$179.7 million during 2016.

Total deferred outflows of resources decreased by (\$12.0) million, or (5.7%) due to the changes in fair value of swap derivatives and the amortization of deferred losses on refundings.

Total liabilities decreased by (\$230.0) million, or (4.8%), in 2016 compared to 2015. This decrease was primarily attributed to the decrease in total bonds payable of (\$205.1) million, or (5.0%), a decrease in interest rate swaps of (\$42.3) million, or (21.5%), partially offset by a \$43.0 million, or 37.4%, increase in net pension liability related to GASB 68.

Total deferred inflows of resources decreased by (\$0.4) million, or (16.7%), due to the amortization of deferred gains on refunding.

Of the Airport's 2016 total net position, 73.6% was restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent \$604.5 million for debt service and \$10.2 million for capital projects, respectively.

At December 31, 2016, the remaining net position of \$612.5 million was unrestricted and may be used to meet any of the Airport's ongoing operations. Management of the Airport has internally designated \$65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements.

In addition, (\$393.0) million represents the Airport's net investment in capital assets. A negative investment results because the outstanding indebtedness exceeds the net book value of the capital assets funded by the indebtedness.

2015/2014

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

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

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

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

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



City and County of Denver Municipal Airport System

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2016 and 2015

At December 31, 2015, the remaining net position of \$682.6 million was unrestricted and may be used to meet any of the Airport's ongoing operations. Management of the Airport has internally designated \$65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements.

In addition, (\$626.1) million represents the Airport's net investment in capital assets. A negative investment results because the outstanding indebtedness exceeds the net book value of the capital assets funded by the indebtedness.

Long-Term Debt

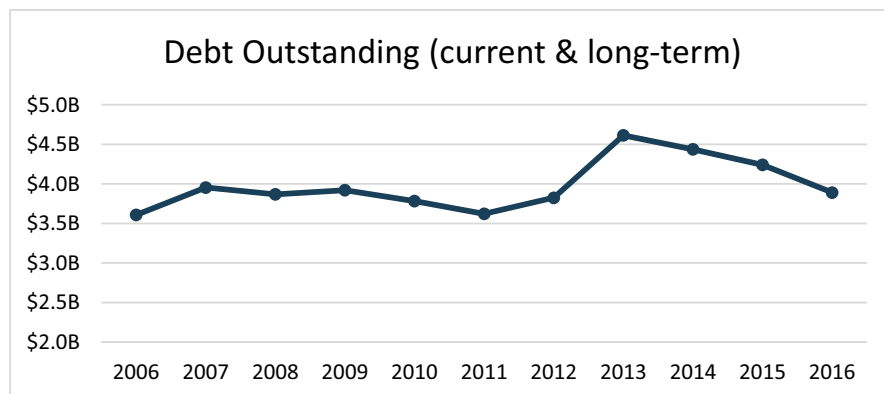
As of December 31, 2016 and 2015, the Airport had approximately \$3.9 and \$4.1 billion, respectively, in outstanding bonded debt (exclusive of deferred loss on bonds and unamortized premiums), both senior and subordinate, paying fixed and variable interest rates. The total annual debt service (principal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

The Airport's senior lien debt is currently rated by Standard & Poor's, Moody's, and Fitch at A+, A1 and A+, respectively, with all three agencies giving the Airport a stable outlook.

The Airport's governing bond ordinances (the bond ordinance) require that the Airport's net revenues plus other available funds, as defined in the bond ordinance, be sufficient to provide debt service coverage of 125% of the annual debt service requirement on senior bonds and 110% of the aggregate annual debt service requirements on senior and subordinate bonds. The debt service coverage ratio on all bonds for the years ended December 31, 2016 and 2015 were 173% and 184% of total debt service, respectively.

On December 1, 2016, the Airport issued \$256.8 million of Series 2016A Bonds in a non-AMT fixed rate mode to current refund all of the outstanding Series 2006A Bonds and advance refund all outstanding 2007B and 2007E Bonds through a negotiated sale with RBC Capital Markets as the lead underwriter. On December 13, 2016, the Airport issued \$108.7 million of Series 2016B Bonds in a non-AMT index rate mode to current refund all of the outstanding Series 2014A Bonds through a negotiated sale with Bank of America Merrill Lynch. Combined, these two transactions will result in a net present value savings of \$41.5 million through 2032.

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



Additional information related to the Airport's long-term debt can be found in notes 8, 9, 10, 11, and 12.

City and County of Denver Municipal Airport System

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2016 and 2015

Capital Assets

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

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

Westin Hotel and Conference Center: Hotel with 519 rooms, conference center space for meetings, banquets, conventions and trade shows, full service restaurant, full gym and indoor pool. The hotel has been fully operational since November 19, 2015.

Public Plaza: A connection of the hotel and transit center to the Jeppesen Terminal that also provides a venue for programs and events where passengers and visitors can find entertainment, relaxation, art, and restaurants. The plaza was officially opened to the public on November 19, 2015.

Public Transit Center: Aviation commuter rail station with trains connecting the Airport with Denver's Union Station as part of the Regional Transportation District's east rail line under construction by Denver Transit Partners. This portion of the program was under construction as of December 31, 2015 with completion and initiation of rail service on April 22, 2016.

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

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

Additional information related to the Airport's capital assets can be found in note 5.

Other

PFC: In 1992, the PFC program authorized the imposition of a fee of \$3.00 per enplaned passenger and the use of this funding for approved projects, with certain qualifying airports permitted to charge a maximum PFC of \$4.50. In 2001, the Federal Aviation Administration approved the Airport's application for an increase in the PFC fee from \$3.00 to \$4.50, the revenues from which are to be used for qualified costs of the Airport, including associated debt service and approved capital projects. The Airport increased the PFC rate from \$3.00 to \$4.50 effective April 1, 2001. As of December 31, 2016, a total of \$1.9 billion has been remitted to the Airport, (including interest earned), of which \$106.2 million has been expended on approved projects. \$1.7 billion has been used to pay debt service on the Airport's general airport revenue bonds, and \$28.2 million is unexpended. The Airport's authorization to impose the PFC expires on the earlier of February 1, 2029, or upon collection of the authorized maximum PFC total of \$3.3 billion.

CFC: Effective January 1, 2014, the Airport imposed a CFC of two dollars and fifteen cents (\$2.15) per Rental Car Transaction Day. The CFC is imposed pursuant to the provisions of Chapter 5 and Sections 5-15 and 5-16 of the Revised Municipal Code of the City and County of Denver. The CFC shall be established through a cost recovery methodology based on the estimated



City and County of Denver
Municipal Airport System

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2016 and 2015

costs associated with the management of, improvements to, and expansion of the existing rental car facility area and related transportation facilities and the planning and design of future phases of the rental car program.

Budgetary Highlights

Operating Income

(\$ in thousands)

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

*Operating expenses exclusive of repair and maintenance of projects

2016

Actual operating revenues at the Airport were \$742.5 million, an increase of \$24.5 million, or 3.4% greater than the budget of \$718.0 million, for the year ended December 31, 2016. The increase in revenue was primarily driven by hotel revenues due to the hotel being fully operational for the year, and increases in concessions revenues due to the opening of new locations and a greater than planned increase in enplaned passengers.

Operating expenses were under budget primarily due to vacant positions, savings in contractual services, City indirect costs savings, as well as savings in snow removal chemicals.

2015

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

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

Request for Information

This financial report is designed to provide a general overview of the Airport's finances for all those with an interest. Questions concerning any of the information presented in this report or requests for additional information should be addressed to the Finance Department, Denver International Airport, Airport Office Building, 8th Floor, 8500 Pena Boulevard, Denver, CO 80249-6340. Copies are available online at www.flydenver.com.



2016 Annual Financial Report



Financial Statements

City and County of Denver
Municipal Airport System

STATEMENTS OF NET POSITION

December 31, 2016 and 2015 (\$ in thousands)

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

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

City and County of Denver
Municipal Airport System

STATEMENTS OF NET POSITION

December 31, 2016 and 2015 (\$ in thousands)

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

See accompanying notes to financial statements.

City and County of Denver
Municipal Airport System

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

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

See accompanying notes to financial statements.

City and County of Denver
Municipal Airport System

STATEMENTS OF CASH FLOWS

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

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

(continued)



City and County of Denver
Municipal Airport System

STATEMENTS OF CASH FLOWS

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

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

On December 1, 2016, the Airport System issued \$256.8 million of Series 2016A Bonds in a non-AMT fixed rate mode to refund all of the outstanding Series 2006A, 2007B, and 2007E Bonds through a negotiated sale with RBC Capital Markets as the lead underwriter. On December 13, 2016, the Airport System issued \$108.7 million of Series 2016B Bonds in a non-AMT index rate mode to refund all of the outstanding Series 2014A Bonds through a negotiated sale with Bank of America Merrill Lynch. Combined, these two transactions will result in a net present value savings of \$41.5 million through 2032.

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

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

See accompanying notes to financial statements.



2016 Annual Financial Report



Notes to Financial Statements

City and County of Denver Municipal Airport System

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

(1) Organization and Reporting Entity

(a) Nature of Operations

Pursuant to Article XX of the State of Colorado Constitution and the City and County of Denver, Colorado (the City) Charter, the City acquired, owns, operates, and maintains certain airport facilities. These facilities include Denver International Airport (DEN) and certain assets of Stapleton International Airport (Stapleton) and are referred to herein as the City and County of Denver Municipal Airport System (the Airport). The Airport is operated as the Department of Aviation, with a Chief Executive Officer appointed by and reporting to the Mayor.

DEN consists of a landside terminal building, hotel, and transit center, three airside concourses, six runways, roadways, and ancillary facilities on a 53-square mile site. Stapleton was closed to all air traffic on February 27, 1995. See note 6 for further discussion.

(b) Reporting Entity

The accompanying financial statements present only the Airport enterprise fund and are not intended to present fairly the financial position of the City, the changes in its financial position, or where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Airport is an enterprise fund of the City and, as such, is an integral part of the City. An enterprise fund is established to account for an activity that is financed with debt secured solely by a pledge of net revenues from fees and charges of the activity or when laws and regulations require that the activity's costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges rather than with taxes or similar revenues. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). As an enterprise fund, the Airport uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

(b) Cash and Cash Equivalents

Cash and cash equivalents, which the City primarily manages, consist principally of cash on hand, demand deposits, certificates of deposit, local government investment pools, and state and local government securities with original maturities of less than 90 days. See note 3 for further discussion.

(c) Investments

Investments, which the City manages, are reported at fair value, which is primarily determined based on significant other observable inputs at December 31, 2016 and 2015. The Airport's investments are maintained in pools at the City and include municipal securities, corporate bonds, multi-national fixed income, structured products, U.S. Treasury securities, and U.S. Agency securities.



City and County of Denver
Municipal Airport System

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

(d) Inventories

Inventories consist of materials and supplies which have been valued at the lower of cost (weighted average cost method) or market.

(e) Capital Assets

Capital assets are recorded at historical cost and consist of buildings, roadways, airfield improvements, machinery and equipment, land, and land rights at DEN. Donated capital assets are reported at their acquisition value as of the date of acquisition. Repairs and maintenance are expensed as incurred, unless they have the effect of improving or extending the life of an asset, in which case they are capitalized as part of the cost of the asset. Costs associated with ongoing construction activities of DEN are included in construction in progress. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. The capitalized interest incurred for 2016 and 2015 was \$50,857,155 and \$47,052,696, respectively.

Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	20 - 40 years
Roadways	30 - 40 years
Runways/taxiways	30 - 40 years
Other improvements	15 - 40 years
Major system equipment	15 - 25 years
Vehicles and other equipment	5 - 10 years

(f) Prepaid Bond Insurance, Deferred Gains (Losses) on Bond Refundings, and Unamortized Premiums (Discounts)

Bond insurance premiums and premiums (discounts) on bonds are recorded as assets or liabilities and amortized over the life of the bonds that were issued using the effective interest method. Unamortized premiums on bonds are recorded as an addition to the face amount of the bonds payable. Gains (losses) on bond refundings are deferred and amortized over the life of the old bonds, or the remaining life of the refunding bonds, whichever is shorter, using the effective interest rate method. Gains (losses) on bond refundings are recorded as deferred inflows or outflows of resources, respectively.

(g) Compensated Absences Payable

Accumulated vested sick and vacation benefits are recorded as an expense and a liability as benefits accrue to employees. The Airport uses the vesting method for estimating sick leave compensated absences payable.

(h) Advance Rent

Advance rent is recorded when rental payments are received by the Airport prior to a legal claim to them. Included in advance rent are customer credits and deposits.

(i) Pensions

For purposes of recording the net pension liability, deferred outflows of resources and deferred inflows of resources relating to pensions and pension expense, information about the fiduciary net position of the Denver Employees'

City and County of Denver
Municipal Airport System

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

Retirement Plan (DERP) and additions to/reductions from DERP's fiduciary net position have been determined on the same basis as they are reported by DERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(j) Net Position

2016

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

The remaining net position included unrestricted net position of \$612,495,004 which may be used to meet any of the Airport's ongoing operations. Management of the Airport has internally designated \$65,760,442 of its unrestricted net position amount, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements.

In addition, (\$392,997,642) represents the Airport's net investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

2015

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

The remaining net position included unrestricted net position of \$682,591,582 which may be used to meet any of the Airport's ongoing operations. Management of the Airport has internally designated \$65,760,442 of its unrestricted net position amount, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements.

In addition, (\$626,147,375) represents the Airport's net investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

(k) Restricted and Unrestricted Resources

Uses of restricted and unrestricted resources are made on a case-by-case basis by management depending on overall requirements. Generally, management applies restricted resources and then unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

City and County of Denver
Municipal Airport System

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

(l) Operating Revenues and Expenses

The statements of revenues, expenses, and changes in net position distinguish operating revenues and expenses from nonoperating activity and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with DEN's principal ongoing operations. The principal operating revenues of the Airport are charges to airline tenants for facility rentals, landing fees and parking. Operating expenses include the cost of providing services, administrative costs, and depreciation on capital assets.

(m) Nonoperating Revenues and Expenses

All revenues and expenses not meeting the above definition of operating revenues and expenses are reported as nonoperating revenues and expenses or capital contributions. Such items include Passenger Facility Charges (PFCs), Car Rental Customer Facility Fees (CFCs), interest expense, investment income, operating grants from the federal government and Stapleton demolition and remediation expenses.

(n) Governmental Grants

The Airport periodically receives grant revenues from federal agencies which are either for capital projects or operating purposes. Revenue is considered earned as the related approved capital outlays or expenses are incurred by the Airport. Revenues from capital grants are reported as capital contributions on the statements of revenues, expenses, and changes in net position and revenues from operating grants are reported as nonoperating revenues.

(o) Rates and Charges

The Airport establishes annually, as adjusted semi-annually, airline facility rentals, landing fees, and other charges sufficient to recover the costs of operations (excluding certain debt service payments), maintenance, and debt service related to the airfield and the space rented by the airlines. Any differences between amounts collected from and actual costs allocated to the airlines' leased space are credited or billed to the airlines. As of December 31, 2016 and 2015, the Airport had accrued a liability to the airlines of \$3,107,028 and \$3,150,356, respectively.

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

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

(q) Reclassifications

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

City and County of Denver
Municipal Airport System

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

(r) Implementation of New Accounting Principles

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

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

(3) Cash, Cash Equivalents, and Investments

(a) Deposits

Custodial credit risk is the risk that in the event of a failure of a financial institution or counterparty, the Airport would not be able to recover its deposits, investments, or collateral securities.

As a department of the City and County of Denver (the City), the Airport's deposits are pooled with the City's. Deposits are subject to, and are in accordance with, the State of Colorado's Public Deposit Protection Act (the PDPA). In addition, the City's Investment Policy (the Policy) requires that Certificates of Deposit be purchased from institutions that are certified as eligible public depositories. Under the PDPA, all uninsured deposits exceeding the amount insured by the FDIC, are to be fully collateralized with specific approved securities identified in the act valued at 102% of the deposits. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. All collateral so held must be clearly identified as being security maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. Deposits collateralized under the PDPA are considered collateralized with securities held by the pledging financial institution's trust department or agent in the "City's name." At December 31, 2016, the amount of the Airport's deposits was \$7,807,024. In addition, the Airport had \$3,524,528 in uncashed payroll and vendor checks at December 31, 2016. At December 31, 2015, the amount of the Airport's deposits was \$27,157,881. In addition, the Airport had \$4,543,230 in uncashed payroll and vendor checks at December 31, 2015.

City and County of Denver
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NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

(b) Investments

The Airport's investments are managed by the City and are subject to the Policy of the City. The objectives of the City's Policy, in order of priority are to maintain principal, to ensure the availability of funds to meet obligations promptly, and to maximize yield on the investment portfolio. The City's Policy applies to all investment activity of the City under the control of the Chief Financial Officer (CFO), including investments of certain monies related to business-type activities, and trust and agency funds. The City's Policy does not apply to the investments of the deferred compensation plan or component units. Other monies that may from time to time be deposited with the CFO for investment shall also be administered in accordance with the Policy.

The City Charter, Section 2.5.3(c), and Denver Revised Municipal Code, Section 20-21, authorizes the type of investments that the City can hold. The Policy generally requires that investments shall be managed in accordance with portfolio theory management principles to compensate for actual or anticipated changes in market interest rates. To the extent possible, investment maturity will be matched with anticipated cash flow requirements of each investment pool. Additionally, to the extent possible, investments will be diversified by security type and obligor. This diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Deviations from expectations shall be reported in a timely fashion and appropriate action taken to control adverse developments.

At December 31, 2016 and 2015, respectively, the Airport's cash, cash equivalents, and investment balances were as follows (\$ in thousands):

	December 31, 2016	December 31, 2015
Cash equivalents (including cash on hand)	\$ 18,203	\$ 28,292
Local government investment pools	59,492	50,194
Municipal Securities	60,983	55,740
Commercial Paper	9,719	-
Corporate Bonds	237,584	292,007
Multinational fixed income	119,066	114,129
Structured products	204,493	182,985
U.S. Treasury securities	306,540	354,604
U.S. Agency securities	528,559	623,787
	\$ 1,544,639	\$ 1,701,738

Fair Value Measurement: The Airport categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Airport's Level 2 debt securities are valued using matrix pricing and various relational pricing model techniques. The Airport does not hold any securities classified as Level 1 or Level 3.

City and County of Denver
Municipal Airport System

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

At December 31, 2016, the Airport has the following recurring fair value measurements (\$ in thousands):

Asset	Fair Value Measurements			
	Fair value	Level 1	Level 2	Level 3
Commercial Paper	\$ 9,719	\$ -	\$ 9,719	\$ -
Corporate bonds	237,584	-	237,584	-
Multinational fixed income	119,066	-	119,066	-
Municipal bonds	60,983	-	60,983	-
Structured products	204,493	-	204,494	-
U.S. Agency securities	528,559	-	528,559	-
U.S. Treasury securities	306,540	-	306,540	-
Total	<u>\$ 1,466,944</u>	<u>\$ -</u>	<u>\$ 1,466,945</u>	<u>\$ -</u>
Investment derivative instruments				
interest rate swaps	<u>\$ 121,280</u>	<u>\$ -</u>	<u>\$ 121,280</u>	<u>\$ -</u>

At December 31, 2015 the Airport has the following recurring fair value measurements (\$ in thousands):

Asset	Fair Value Measurements			
	Fair value	Level 1	Level 2	Level 3
Corporate bonds	\$ 292,007	\$ -	\$ 292,007	\$ -
Multinational fixed income	114,129	-	114,129	-
Municipal bonds	55,740	-	55,740	-
Structured products	182,985	-	182,985	-
U.S. Agency securities	623,787	-	623,787	-
U.S. Treasury securities	354,604	-	354,604	-
Total	<u>\$ 1,623,252</u>	<u>\$ -</u>	<u>\$ 1,623,252</u>	<u>\$ -</u>
Investment derivative instruments				
interest rate swaps	<u>\$ 150,479</u>	<u>\$ -</u>	<u>\$ 150,479</u>	<u>\$ -</u>

The City invests in two Local Government Investment Pools, CSAFE and Colotrust. CSAFE and Colotrust are regulated by state statute so that the funds held are fully collateralized. As of December 31, 2016, the Airport has balances of \$23,290,979 and \$36,200,574 in CSAFE and Colotrust, respectively. CSAFE measures all of its investments at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* (GASB 79). Additionally, Colotrust adheres to FASB and reports its investments in accordance with ASC 820. Colotrust maintains a stable net asset value of \$1 per share using the fair value method.

City and County of Denver
Municipal Airport System

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

A reconciliation of cash, cash equivalents, and investment balances as shown in the basic financial statements as of December 31, 2016 and 2015, is as follows (\$ in thousands).

	December 31, 2016	December 31, 2015
Cash and cash equivalents	\$ 32,321	\$ 29,529
Investments	762,428	792,672
Restricted cash equivalents	45,373	48,957
Restricted investments	704,517	830,580
	\$ 1,544,639	\$ 1,701,738

Interest Rate Risk: Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The City manages interest rate risk for investments under the control of the CFO by limiting their maximum maturity of investments. Commercial paper can have a maximum maturity of 270 days. U.S. Treasury and Agency securities can have a maximum maturity of ten years. Structured products, such as Mortgage Pass-Through Securities and Collateralized Mortgage Obligations can have a maximum of 31 years.

At December 31, 2016, the Airport's investment balances and maturities, in years, for those investments subject to interest rate risk were as follows (\$ in thousands):

Investment type	2016 Investments maturity in years				
	Fair value	Less than 1	1-5	6-10	Greater than 10 **
Commercial paper	\$ 9,719	\$ 9,719	\$ -	\$ -	\$ -
Local government investment pool	59,492	59,492	-	-	-
Municipal securities	60,983	6,860	37,428	16,695	-
U.S. Treasury securities	306,540	14,745	237,256	54,539	-
U.S. Agency securities	528,559	28,624	392,040	107,895	-
Corporate bonds	237,584	47,179	190,405	-	-
Multinational fixed income	119,066	5,349	81,776	31,941	-
Structured products	204,493	578	143,753	57,719	2,443
Total	\$ 1,526,436	\$ 172,546	\$ 1,082,658	\$ 268,789	\$ 2,443

City and County of Denver
Municipal Airport System

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

At December 31, 2015, the Airport's investment balances and maturities, in years, for those investments subject to interest rate risk were as follows (\$ in thousands):

Investment type	2015				
	Fair value	Investments maturity in years			
		Less than 1	1-5	6-10	Greater than 10 **
Corporate bonds	\$ 292,007	\$ 9,883	\$ 282,124	\$ -	\$ -
Municipal securities	55,740	-	40,234	15,506	-
Multinational fixed income	114,129	13,069	74,519	26,541	-
Structured products	182,985	3,235	125,748	52,952	1,050
U.S. Treasury securities	354,604	11,497	280,100	63,007	-
U.S. Agency securities	623,787	34,674	487,859	101,254	-
Total	<u>\$ 1,623,252</u>	<u>\$ 72,358</u>	<u>\$ 1,290,584</u>	<u>\$ 259,260</u>	<u>\$ 1,050</u>

** The CFO is authorized to waive certain portfolio constraints when such action is deemed to be in the best interest of the City. The CFO has waived the maximum maturity for certain investments in U.S. Agency securities that are part of the Airport's structured pool created to facilitate an economic defeasance of a portion of the future debt service payments due on certain Airport bonds.

As of December 31, 2016, the Airport's portfolio included callable U.S. Agency securities with a fair value of \$5,167,396. If a callable U.S. Agency security is purchased at a discount, the maturity date is assumed to be the maturity date of the investment. If the investment is bought at a premium, the maturity date is assumed to be the call date.

Credit Quality Risk: Of the City's investments at December 31, 2016, commercial paper, municipal bonds, corporate debt obligations, structured products, local government investment pools, and supranational securities were subject to credit quality risk.

The City's Investment Policy requires that commercial paper be rated by at least two NRSRO with a minimum short term rating of A-1, P-1, or F-1 at the time of purchase. The Investment Policy requires that the municipal bonds have a minimum underlying issuer rating from at least two of the three rating agencies of A+ or its equivalent. The Investment Policy requires that corporate debt obligations have a minimum underlying issuer rating from at least two of the NRSRO or A- or its equivalent. The Investment Policy requires that asset-backed securities have a minimum underlying issuer rating from at least two of the NRSRO of AA- or its equivalent. The Investment Policy requires that mortgage-backed securities and collateralized mortgage obligations that had ratings of at least Aaa by Moody's, AAA by Fitch and AA+ by Standard & Poor's. The Investment Policy also requires local government investment pools to be in compliance with Title 24 Part 7 of Article 24 of the Colorado Revised Statutes. The Investment Policy also requires supranational securities by issued by institutions with debt obligations rated AAA, or the equivalent, by at least two NRSROs.

As of December 31, 2016, the Airport's investments were in compliance with the City's investment policy.

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of failure, the Airport will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held

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by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the City's name.

None of the Airport's investments owned at December 31, 2016, were subject to custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single type of investment, or in a single issuer. The City's Policy states that a maximum of 5% of the portfolio, based on market value, may be invested in commercial paper, municipal securities, corporate debt obligations, or certificates of deposit issued by any one provider. The Policy limits investments in money market funds, local government investment pool and supranationals to 10% per provider. Investments in money market funds, local government investment pools are limited to 25% of total investments with asset-back securities and municipal securities limited to 15% of the portfolio. Corporate bonds are limited to 20% of total investments and federal agency securities limited to 80% of the portfolio. All constraints are imposed at time of purchase.

As of December 31, 2016, all the investments were in compliance with this policy.

(4) **Accounts Receivables**

Management of the Airport reviews accounts receivables periodically and an allowance for doubtful accounts has been established based upon management's assessment of the probability of collection. As of December 31, 2016 and 2015, an allowance of \$235,611 and \$328,034, respectively, had been established.

(5) **Capital Assets**

Changes in capital assets for the years ended December 31, 2016 and 2015 were as follows (\$ in thousands):

	2016				
	January 1, 2016	Additions	Transfers of completed projects	Retirements and impairments	December 31, 2016
Depreciable:					
Buildings	\$ 2,315,458	\$ -	\$ 476,474	\$ (23,536)	\$ 2,768,396
Improvements other than buildings	2,422,916	-	84,301	(15,620)	2,491,597
Machinery and equipment	814,247	12,948	36,251	(3,857)	859,589
	5,552,621	12,948	597,026	(43,013)	6,119,582
Less accumulated depreciation and amortization	(2,920,389)	(179,691)	-	23,859	(3,076,221)
	2,632,232	(166,743)	597,026	(19,154)	3,043,361
Nondepreciable:					
Art	5,330	-	1,511	-	6,841
Capacity rights	12,400	-	-	-	12,400
Construction in progress	537,635	243,105	(598,537)	(1,510)	180,693
Land, land rights, and air rights	295,302	-	-	-	295,302
Total capital assets	\$ 3,482,899	\$ 76,362	\$ -	\$ (20,664)	\$ 3,538,597

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	2015				
	January 1, 2015	Additions	Transfers of completed projects	Retirements and impairments	December 31, 2015
Depreciable:					
Buildings	\$ 2,072,964	\$ -	\$ 242,852	\$ (358)	\$ 2,315,458
Improvements other than buildings	2,278,188	-	144,728	-	2,422,916
Machinery and equipment	771,109	12,400	37,330	(6,592)	814,247
	5,122,261	12,400	424,910	(6,950)	5,552,621
Less accumulated depreciation and amortization	(2,763,393)	(163,714)	-	6,718	(2,920,389)
	2,358,868	(151,314)	424,910	(232)	2,632,232
Nondepreciable:					
Art	892	-	4,438	-	5,330
Capacity rights	12,400	-	-	-	12,400
Construction in progress	672,867	298,034	(429,348)	(3,918)	537,635
Land, land rights, and air rights	295,302	-	-	-	295,302
Total capital assets	\$ 3,340,329	\$ 146,720	\$ -	\$ (4,150)	\$ 3,482,899

(6) Disposal of Stapleton

The City ceased aviation operations at Stapleton upon the opening of DEN on February 28, 1995, and is continuing to dispose of the Stapleton property. Certain portions of Stapleton were acquired with proceeds from federal grants, which provide for the return of certain federal funds. In addition, certain portions of the property are also subject to deed restrictions, under which the property would revert to the United States government. The City is able to seek releases from the grant assurances and deed restrictions from the Secretary of Transportation as dispositions occur, provided that: 1) the property is sold at fair market value, and 2) the proceeds are used to develop, improve, and construct DEN. The City intends to continue to seek such releases and, in accordance with certain use and lease agreements, use any net proceeds from sales of Stapleton to retire or defease subordinate debt.

The Airport reduced the carrying value of Stapleton by the amount of proceeds from sales of parcels each year. As of December 31, 2016 and 2015, the carrying value has been reduced to \$0, but there are some parcels that have not been sold. All proceeds from sales received after the carrying amount became \$0 are recorded as revenue. The current and anticipated costs accrued in restricted other liabilities for the environmental liability for Stapleton were \$3,107,827 and \$7,785,859, at December 31, 2016, and 2015, respectively. The Airport has accrued \$4,458,463 and \$6,924,281 of insurance recoveries in accounts receivable at December 31, 2016 and 2015, respectively. The airport has received payments for insurance recoveries totaling \$2,357,752 in 2016 and \$267,762 in 2015.

(7) Due to Other City Agencies

The City provides various services to the Airport, including data processing, investing, financial services, budgeting, and engineering. Billings from the City, both direct and indirect, during 2016 and 2015 totaled \$17,832,943 and \$19,854,878, respectively, and have been included in operating expenses.

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In addition to the above services, the Airport also pays directly salaries and wages for police, fire and other City personnel which are reflected as personnel services expenses. The total services paid for City service and personnel are \$36,839,619 and \$34,895,811 at December 31, 2016 and 2015, respectively. The outstanding liability to the City and its related agencies in connection with these services totaled \$8,123,969 and \$5,497,110 at December 31, 2016 and 2015, respectively.

The outstanding receivable from the City and its related agencies totaled \$0 and \$60,613 at December 31, 2016 and 2015, respectively.

(8) Bonds Payable

Changes in long-term debt for the years ended December 31, 2016 and 2015 were as follows (\$ in thousands):

	2016					Amounts due within one year
	January 1, 2016	Additions	Refunded debt	Retirements	December 31, 2016	
Airport System revenue bonds	\$ 4,072,410	\$ 365,545	\$ (416,590)	\$ (170,550)	\$ 3,850,815	\$ 170,045
Economic defeasance	40,080	-	-	-	40,080	-
Plus unamortized net premiums	128,879	39,396	(7,460)	(15,962)	144,853	-
Total bond debt	<u>\$ 4,241,369</u>	<u>\$ 404,941</u>	<u>\$ (424,050)</u>	<u>\$ (186,512)</u>	4,035,748	<u>\$ 170,045</u>
Less current portion					(170,045)	
Noncurrent portion					<u>\$ 3,865,703</u>	
	2015					
	January 1, 2015	Additions	Refunded debt	Retirements	December 31, 2015	Amounts due within one year
Airport System revenue bonds	\$ 4,240,750	\$ 195,940	\$ (216,150)	\$ (148,130)	\$ 4,072,410	\$ 170,550
Economic defeasance	40,080	-	-	-	40,080	-
Baggage defeasance	3,195	-	-	(3,195)	-	-
Plus unamortized net premiums	153,213	-	(6,214)	(18,120)	128,879	-
Total bond debt	<u>\$ 4,437,238</u>	<u>\$ 195,940</u>	<u>\$ (222,364)</u>	<u>\$ (169,445)</u>	4,241,369	<u>\$ 170,550</u>
Less current portion					(170,550)	
Noncurrent portion					<u>\$ 4,070,819</u>	

The Airport has issued bonds, paying fixed and variable interest rates, collateralized by and payable from Airport Net Revenues, as defined in the 1984 Airport System General Bond Ordinance as supplemented and amended (Bond Ordinance) and the 1990 Airport System General Subordinate Bond Ordinance as supplemented and amended (Subordinate Bond Ordinance). Interest on fixed rate bonds is payable semi-annually. The variable rate bonds are issued in weekly mode (except for the Series 2007G1-G2 bonds which are currently in a daily mode). Auction rate bonds carry interest rates that are periodically reset for 7-day periods. As such, the actual interest rate on the bonds will vary based on market conditions in the short-term tax-exempt bond market.

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The maturity dates, interest rates, and principal amounts outstanding as of December 31, 2016 and 2015 are as follows (\$ in thousands):

Bond	Maturity	Interest Rate	Amount Outstanding	
			2016	2015
Airport system revenue bonds				
Series 1992F, G*	November 15 2031	0.983%	\$ 34,900	\$ 34,900
Series 2002C*	November 15, 2031	0.983%	28,200	28,200
Series 2006A	Annually November 15, 2017 to 2025	4.00-5.00%	-	259,345
Series 2007A	November 15, 2023, 2024, 2026, 2027 and 2030	5.00%	188,350	188,350
Series 2007B	November 15, 2032	5.00%	-	24,250
Series 2007C	November 15, 2016, 2017 and 2033	5.00%	30,820	34,635
Series 2007D	Annually November 15, 2017 to 2023	5.25-5.50%	130,575	147,815
Series 2007E	November 15, 2032	5.00%	-	47,400
Series 2007F1-F2**	November 15, 2025	.84-.983%	75,550	75,550
Series 2007G1-G2*	November 15, 2031	1.332%	130,600	131,500
Series 2008A1	Annually November 15, 2016 to 2017	5.00-5.50%	6,665	20,900
Series 2008B*	November 15, 2031	1.162%	58,400	61,700
Series 2008C1-C3*	November 15, 2031	1.15-1.33%	292,600	292,600
Series 2009A	November 15, 2016 to 2036	5.00-5.25%	154,480	164,850
Series 2009B	November 15, 2039	6.414%	65,290	65,290
Series 2009C*	November 15, 2031	1.332%	104,655	104,655
Series 2010A	Annually November 15, 2017 to 2032	4.00-5.00%	166,150	171,360
Series 2011A	Annually November 15, 2017 to 2023	4.00-5.25%	259,505	285,695
Series 2011B	Annually November 15, 2017 to 2018 and 2024	4.00-5.00%	49,250	82,765
Series 2011C	Annually November 15, 2017	3.00-5.00%	-	1,925
Series 2012A	Annually November 15, 2017 to 2043	3.00-5.00%	281,090	290,340
Series 2012B	Annually November 15, 2017 to 2043	4.00-5.00%	502,950	505,315
Series 2012C	November 15, 2026	3.592%	30,285	30,285
Series 2013A	Annually November 15, 2017 to 2043	4.00-5.50%	318,510	322,460
Series 2013B	Annually November 15, 2017 to 2043	3.00-5.25%	387,105	392,360
Series 2014A*	December 11, 2031	0.431%	-	112,025
Series 2015A	November 15, 2016 to 2021 and 2023 to 2035	2.200%	189,340	195,940
Series 2016A	November 15, 2017 to 2021, 2023 to 2025 and 2031 to 2032	5.00%	256,810	
Series 2016B	November 15, 2017 to 2019 and 2026 to 2031	1.310%	108,735	
Economic Defeasance				
LOI 1998/1999	November 15, 2024 and 2025	6.125%	40,080	40,080
Total revenue bonds			3,890,895	4,112,490
Less current portion			(170,045)	(170,550)
Net unmortized premiums			144,853	128,879
Total bonds payable noncurrent			\$ 3,865,703	\$ 4,070,819

* Variable rates are as of December 31, 2016

** Auction rates are as of December 31, 2016

Most of the Airport term bonds are subject to certain mandatory redemption requirements and most of the Airport bonds are subject to certain optional redemption provisions. Certain of the Airport bonds are subject to certain mandatory sinking fund redemption requirements.



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Economic Defeasances

On November 1, 1999, the Airport entered into an economic defeasance of \$54,880,000 of Airport Revenue Bonds through the use of certain 1998 and 1999 federal grant proceeds from the United States Department of Transportation under a 1990 Letter of Intent. These funds were set aside in special escrow accounts (Escrow A and Escrow B) held by the City. Escrow A proceeds will be used to pay principal and interest on \$40,080,000 of the Series 1992C Bonds maturing on November 15, 2025. Escrow B proceeds were used to pay principal and interest on \$14,800,000 of the Series 1991D Bonds which matured on November 15, 2013.

The economically defeased bonds are considered outstanding for the purposes of the General Bond Ordinance and were not considered legal defeasances or in-substance defeasances under accounting principles generally accepted in the United States of America and, therefore, the bonds remain outstanding in the accompanying financial statements.

Bond Issuances

On December 1, 2016, the Airport issued \$256,810,000 of Series 2016A Bonds in a non-AMT fixed rate mode to current refund all of the outstanding Series 2006A Bonds and advance refund all of the outstanding series 2007B and 2007E Bonds through a negotiated sale with RBC Capital Markets as the lead underwriter. On December 13, 2016, the Airport issued \$108,735,000 of Series 2016B Bonds in a non-AMT index rate mode to current refund all of the outstanding Series 2014A Bonds through a negotiated sale with Bank of America Merrill Lynch. Combined, these two transactions will result in a net present value savings of \$41,533,000 through 2032.

The difference between the reacquisition price of \$420,100,181 and the net carrying amount of the old debt of \$410,623,547 resulted in the recognition of a deferred loss on refunding in the amount of \$9,476,634. The deferred loss on refunding is being amortized over the remaining use of the old debt.

On November 20, 2015, the Airport closed on a bond refunding via direct placement with Bank of America. The approximately \$216,230,000 in outstanding Series 2005A Senior Bonds were refunded with \$195,940,000 in Series 2015A Subordinate Bonds, resulting in a net present value savings of approximately \$38,652,000 (through 2025). The difference between the reacquisition price of \$216,810,406 and the net carrying amount of the old debt of \$221,745,529 resulted in the recognition of a deferred gain on refunding in the amount of \$4,935,123. The deferred gain on refunding is being amortized over the remaining life of the old debt.

Defeased Bonds

The Airport has defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. As of December 31, 2016 and 2015, respectively, \$103,830,000 and \$49,360,000 of bonds outstanding are considered defeased.

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(9) Bond and Notes Payable Debt Service Requirements

(a) Bonds Payable

Bond debt service requirements of the Airport for bonds payable to maturity as of December 31, 2016 are as follows (\$ in thousands):

Year:	<u>Principal</u>	<u>Interest</u>
2017	\$ 170,045	\$ 152,565
2018	187,945	145,245
2019	192,280	138,193
2020	197,355	131,957
2021	214,875	124,969
2022-2026	1,157,385	502,496
2027-2031	892,875	314,089
2032-2036	436,645	157,033
2037-2041	294,910	67,493
2042-2043	106,500	7,493
Total	<u>\$ 3,850,815</u>	<u>\$ 1,741,533</u>

Debt service requirements for the economic defeasance LOI of the Airport to maturity as of December 31, 2016, are as follows (\$ in thousands):

Year:	<u>Principal</u>	<u>Interest</u>
2017	\$ -	\$ 2,455
2018	-	2,455
2019	-	2,455
2020	-	2,455
2021	-	2,455
2022-2025	40,080	8,346
Total	<u>\$ 40,080</u>	<u>\$ 20,621</u>

(b) Notes Payable and Capital Lease

The Airport entered into two Master Installment Purchase Agreements on October 26, 2006. These include an agreement with Koch Financial Corporation for \$23.0 million and an agreement with GE Capital Public Finance for \$9.0 million. These notes were paid off during 2016. These transactions financed capital equipment purchases at rates and terms of 4.34% and 4.16% based on a 30/360 calculation for 2007. The Airport entered into a \$20.5 million Master

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Installment Purchase Agreement with Sovereign Leasing, LLC on January 10, 2012, to finance capital equipment purchases, at a rate of 1.9595% based on a 30/360 calculation for 2012.

The payment schedule relating to note requirements as of December 31, 2016 is as follows (\$ in thousands):

Year:	<u>Principal</u>	<u>Interest</u>
2017	\$ 2,067	\$ 196
2018	2,108	155
2019	2,149	113
2020	2,192	71
2021	<u>2,235</u>	<u>27</u>
Total	<u>\$ 10,751</u>	<u>\$ 562</u>

The Airport is obligated under leases for equipment that are accounted for as capital leases. On January 9, 2015, the Airport entered a Master Installment Purchase Agreement with Banc of America Public Capital Corp for \$1.8 million to finance various capital equipment purchases at a rate of 1.1656%. Payments are due annually. The Airport entered into an Installment Purchase Agreement on January 5, 2016 with Santander for \$4.1 million to finance various capital equipment purchases at a rate of 1.19%. Payments are due annually. Assets under capital leases at December 31, 2016 and 2015, totaled \$4.1 million and \$1.4 million, respectively, net of accumulated depreciation of \$1.9 million and \$.4 million, respectively.

The payment schedule relating to capital lease requirements as of December 31, 2016 is as follows (\$ in thousands):

Year:	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,485	\$ 46
2018	1,486	29
2019	<u>1,023</u>	<u>12</u>
Total	<u>\$ 3,994</u>	<u>\$ 87</u>

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Changes in notes payable and capital lease for the years ended December 31, 2016 and 2015 were as follows (\$ in thousands):

	<u>Balance January 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2016</u>	<u>Amounts due within one year</u>
Notes payable	\$ 15,692	\$ -	\$ (4,941)	\$ 10,751	\$ 2,067
Capital Lease payable	1,385	4,096	(1,487)	3,994	1,485
Total	<u>\$ 17,077</u>	<u>\$ 4,096</u>	<u>\$ (6,428)</u>	14,745	<u>\$ 3,552</u>
Less current portion				(3,552)	
Noncurrent portion				<u>\$ 11,193</u>	

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2015</u>	<u>Amounts due within one year</u>
Notes payable	\$ 20,987	\$ -	\$ (5,295)	\$ 15,692	\$ 4,431
Capital Lease payable	-	1,846	(462)	1,385	462
Total	<u>\$ 20,987</u>	<u>\$ 1,846</u>	<u>\$ (5,757)</u>	17,077	<u>\$ 4,893</u>
Less current portion				(4,893)	
Noncurrent portion				<u>\$ 12,184</u>	

(10) Demand Bonds

Included in long-term debt are \$34,900,000 of Series 1992F, G; \$28,200,000 of Series 2002C, \$58,400,000 of Series 2008B, \$92,600,000 of Series 2008C1, \$200,000,000 of Series 2008C2-C3, \$104,655,000 of Series 2009C and \$130,600,000 of Series 2007G1-G2 of Airport Revenue Bonds Series. These Bonds are currently Credit Facility Bonds which bear interest at rates indexed to 1-month LIBOR and are subject to mandatory redemption when the credit facilities and reimbursement agreements supporting them expire and upon the occurrence of certain other events of default. These agreements will either be extended, replaced, or the bonds will be refunded prior to the expiration date.

On July 29, 2011 and August 8, 2011, the Airport entered into a liquidity facility and reimbursement agreement with Wells Fargo, who purchased the Series 2008B and 2008C1 bonds, respectively, at a floating rate indexed to 1-month LIBOR. On December 11, 2015, this agreement was amended, and the expiration date was extended to December 11, 2020.

On August 31, 2011, the Airport entered into a liquidity facility and reimbursement agreement with Royal Bank of Canada, who purchased the Series 2008C2-C3 Bonds at a floating rate index to 1-month LIBOR. On August 29, 2014, this agreement was amended, and the expiration date was extended to August 29, 2019.

On October 1, 2012, the Airport entered into a credit facility and reimbursement agreement with U.S. Bank National Association, who purchased the Series 2009C bonds at a floating rate indexed to 1-month LIBOR. This agreement expires on April 30, 2017.

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On October 24, 2014, the Airport entered into credit facility and reimbursement agreements with Bank of America Preferred Funding Corporation who purchased the Series 1992F Bonds at a floating rate indexed to 1-month LIBOR. These agreements expire on September 25, 2017.

On September 25, 2014, the Airport entered into credit facility and reimbursement agreements with Banc of America Preferred Funding Corporation, who purchased the Series 2002C Bonds at a floating rate indexed to 1-month LIBOR. This agreement expires on September 25, 2017.

On November 1, 2014, the Airport entered into credit facility and reimbursement agreements with BMO Harris Investment Corp who purchased the Series 2007G1-G2 Bonds at a floating rate indexed to 1-month LIBOR. This agreement expires on December 1, 2023.

Also included in long-term debt is \$112,025,000 of Series 2014A Revenue Bonds, bearing interest at a rate indexed to 1-month LIBOR were subject to mandatory tender on December 9, 2016. These bonds were refunded by the 2016B series.

(11) Bond Ordinance Provisions

Additional Bonds

The Airport may issue additional parity and subordinate bonds, subject to certain coverage and other provisions, for the purpose of acquiring, improving or equipping facilities related to the Airport.

Airport Revenue Bonds

Under the terms of the Bond Ordinance, all bond series (the Senior Bonds) are collateralized by a first lien on the Net Revenues of the Airport. Under the terms of the Subordinate Bond Ordinance, outstanding Commercial Paper is collateralized by Net Revenues of the Airport subordinate to the Senior Bonds.

The Airport is required by the Bond Ordinance to set and collect rates and charges sufficient, together with other available funds, to provide for the payment of all operating and maintenance expenses for the current fiscal year plus 125% of the aggregate principal and interest payments of the Senior Bonds for such fiscal year prior to the issuance of additional bonds. Management believes the Airport is in compliance with the bond covenants listed in the bond ordinance.

(12) Swap Agreements

The Airport has entered into interest rate swap agreements in order to protect against rising interest rates. The 1998, 1999, and 2009A swap agreements all pay fixed–receive variable rate cash flow hedges, with the variable payment from the counterparty based on the USD-SIFMA Municipal Swap Index and the variable rate of the bonds. The rest of the Airport's swap agreements are considered investment derivatives in accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). Additionally, investment income on these derivatives has also been recognized in accordance with GASB 53. The City does not enter into derivative transactions for investment purposes, nor does the City Charter allow for the investment in derivative investments. The fair value balances and notional amounts of the swaps outstanding at December 31, 2016 and 2015 and the changes in the fair value of such swaps for the years then ended, are as follows (\$ in thousands):

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Counterparty	Effective Date	Notional Amount (in millions)	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Variable Receivable Swap Rate	Changes in Fair Value		Fair Value 12/31/2016
							Classification	Amount	
1998 Swap Agreements									
Goldman Sachs Capital Markets, L	10/4/2000	\$ 100	11/15/2025	2008C2-C3	4.7600%	70% LIBOR + 0.10%	Deferred Outflow	\$ (1,990)	\$ (17,214)
							Investment Income	(2,374)	
Societe Generale, New York Branch	10/4/2000	100	11/15/2025	2008C2-C3	4.7190%	70% LIBOR + 0.10%	Deferred Outflow	(1,979)	(17,001)
							Investment Income	(2,339)	
1999 Swap Agreements									
Goldman Sachs Capital Markets, L	10/4/2001	100	11/1/2022	(1)	5.6179%	SIFMA	Deferred Outflow	(3,602)	(16,145)
							Investment Income	(2,643)	
Merrill Lynch Capital Services, Inc	10/4/2001	50	11/1/2022	(1)	5.5529%	SIFMA	Deferred Outflow	(1,794)	(7,948)
							Investment Income	(1,293)	
2002 Swap Agreements									
Goldman Sachs Capital Markets, L	4/15/2002	100	11/1/2022	(1)	SIFMA	76.33% LIBOR	Investment Income	1,181	(516)
2005 Swap Agreements									
Royal Bank of Canada	11/15/2006	49.578	11/15/2025	(3), 2007D	3.6560%	70% LIBOR	Investment Income	(1,597)	(6,311)
JP Morgan Chase Bank, N.A.	11/15/2006	49.578	11/15/2025	(3), 2007D	3.6874%	70% LIBOR	Investment Income	(1,615)	(6,397)
Jackson Financial Products, LLC	11/15/2006	99.156	11/15/2025	(3), 2007D	3.6560%	70% LIBOR	Investment Income	(3,195)	(12,621)
Piper Jaffray Financial Products, L	11/15/2006	49.578	11/15/2025	(3), 2007D	3.6560%	70% LIBOR	Investment Income	(1,597)	(6,311)
2006A Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/2007	139.450	11/15/2025	2007F-G(2), (4)	4.0085%	70% LIBOR	Investment Income	(4,947)	(18,443)
GKB Financial Services Corp.	11/15/2007	46.483	11/15/2025	2007F-G(2), (4)	4.0085%	70% LIBOR	Investment Income	(1,648)	(6,148)
2006B Swap Agreements									
Royal Bank of Canada	11/15/2006	49.578	11/15/2025	(3)	SIFMA	4.0855%	Investment Income	2,476	6,647
JP Morgan Chase Bank, N.A.	11/15/2006	49.578	11/15/2025	(3)	SIFMA	4.0855%	Investment Income	2,476	6,647
Jackson Financial Products, LLC	11/15/2006	99.156	11/15/2025	(3)	SIFMA	4.0855%	Investment Income	4,960	13,287
Piper Jaffray Financial Products, L	11/15/2006	49.578	11/15/2025	(3)	SIFMA	4.0855%	Investment Income	2,498	6,625
2008A Swap Agreement									
Royal Bank of Canada	12/18/2008	92.967	11/15/2025	2007F-G(2), (4)	4.0085%	70% LIBOR	Investment Income	(3,297)	(12,294)
2008B Swap Agreement									
Loop Financial Products I LLC	1/8/2009	100	11/15/2025	2008C1(2)	4.7600%	70% LIBOR + 0.1%	Investment Income	(3,718)	(19,092)
2009A Swap Agreement									
Loop Financial Products I LLC	1/12/2010	50	11/15/2022	(1)	5.6229%	SIFMA	Deferred Outflow	(2,174)	(8,045)
							Investment Income	(988)	
Total									<u>\$ (121,280)</u>

- (1) Swaps associated with Series 2009C, 2008B and a portion of the 2002C Bonds
(2) A portion of the Series 2002C bonds are additionally associated with these swaps
(3) Previously associated with 2006A. Swaps currently associated with Series 2016A
(4) Previously associated with 2014A. Swaps currently associated with Series 2016B



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Counterparty	Effective Date	Notional Amount (in millions)	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Variable Receivable Swap Rate	Changes in Fair Value		Fair Value 12/31/2015
							Classification	Amount	
1998 Swap Agreements									
Goldman Sachs Capital Markets, L	10/4/2000	\$ 100	11/15/2025	2008C2-C3	4.7600%	70% LIBOR + 0.10%	Deferred Outflow	\$ 425	\$ (21,578)
							Investment Income	(2,342)	
Societe Generale, New York Branch	10/4/2000	100	11/15/2025	2008C2-C3	4.7190%	70% LIBOR + 0.10%	Deferred Outflow	425	(21,319)
							Investment Income	(2,307)	
1999 Swap Agreements									
Goldman Sachs Capital Markets, L	10/4/2001	100	11/1/2022	(1)	5.6179%	SIFMA	Deferred Outflow	386	(22,390)
							Investment Income	(2,611)	
Merrill Lynch Capital Services, Inc	10/4/2001	50	11/1/2022	(1)	5.5529%	SIFMA	Deferred Outflow	194	(11,035)
							Investment Income	(1,277)	
2002 Swap Agreements									
Goldman Sachs Capital Markets, L	4/15/2002	100	11/1/2022	(1)	SIFMA	76.33% LIBOR	Investment Income	(794)	665
2005 Swap Agreements									
Royal Bank of Canada	11/15/2006	54.114	11/15/2025	2006A, 2007D	3.6560%	70% LIBOR	Investment Income	(751)	(7,908)
JP Morgan Chase Bank, N.A.	11/15/2006	54.114	11/15/2025	2006A, 2007D	3.6874%	70% LIBOR	Investment Income	(766)	(8,012)
Jackson Financial Products, LLC	11/15/2006	108.228	11/15/2025	2006A, 2007D	3.6560%	70% LIBOR	Investment Income	(1,501)	(15,816)
Piper Jaffray Financial Products, L	11/15/2006	54.114	11/15/2025	2006A, 2007D	3.6560%	70% LIBOR	Investment Income	(751)	(7,908)
2006A Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/2007	151.100	11/15/2025	2007F-G(2), 2014A	4.0085%	70% LIBOR	Investment Income	(3,066)	(23,390)
GKB Financial Services Corp.	11/15/2007	50.367	11/15/2025	2007F-G(2), 2014A	4.0085%	70% LIBOR	Investment Income	(1,022)	(7,796)
2006B Swap Agreements									
Royal Bank of Canada	11/15/2006	54.114	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	208	9,123
JP Morgan Chase Bank, N.A.	11/15/2006	54.114	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	208	9,123
Jackson Financial Products, LLC	11/15/2006	108.228	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	416	18,247
Piper Jaffray Financial Products, L	11/15/2006	54.114	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	208	9,123
2008A Swap Agreement									
Royal Bank of Canada	12/18/2008	100.733	11/15/2025	2007F-G(2), 2014A	4.0085%	70% LIBOR	Investment Income	(2,044)	(15,591)
2008B Swap Agreement									
Loop Financial Products I LLC	1/8/2009	100	11/15/2025	2008C1(2)	4.7600%	70% LIBOR + 0.1%	Investment Income	(1,819)	(22,810)
2009A Swap Agreement									
Loop Financial Products I LLC	1/12/2010	50	11/15/2022	(1)	5.6229%	SIFMA	Deferred Outflow	(158)	(11,207)
							Investment Income	(957)	
Total									<u>\$ (150,479)</u>

(1) Previously associated with the 2001 C1-C4. Swaps currently associated with Series 2009C, 2008B and a portion of the 2002C Bonds

(2) A portion of the Series 2002C bonds are additionally associated with these swaps

Payments by the Airport to counterparties relating to these swap agreements, including termination payments, are Subordinate Obligations, subordinate to debt service payments on the Airport's Senior Bonds, and on parity with the Airport's Subordinate Bonds. The year-end fair values were calculated using the mid-market LIBOR and SIFMA swap curves as of December 31, 2016 and 2015. Fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2016. When the present value of payments to be made by the Airport exceeds the present value of payments to be received, the swap has a negative value to the Airport. When the present value of payments to be received by the Airport exceeds that of payments to be made, the swap has a positive value to the Airport.

(a) **Risks Associated with the Swap Agreements**

The following risks are generally associated with swap agreements:

Credit Risk – All of the Airport's swap agreements rely upon the performance of swap counterparties. The Airport is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the Airport. The Airport measures the extent of this risk based upon the credit ratings of the counterparty and the fair value of the swap agreement. If the Airport delivers a surety policy or other credit support document guaranteeing its obligations under the Swap Agreement that is rated in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch, for any swap agreement, the counter party to that agreement is obligated to either be rated, or provide credit support securing its obligations under the swap agreement rated in the highest rating category of either Standard &



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Poor's, Moody's Investor Service or Fitch; or under certain circumstances, provide collateral. The Airport is obligated, under the swap agreements, to provide such surety policy or credit support if the unsecured and unenhanced ratings of the Airport's Senior Bonds is below any two of BBB by Standard & Poor's, Baa2 by Moody's Investors Service or BBB by Fitch. As of December 31, 2016, the ratings of the Airport's Senior Bonds were A+ by Standard & Poor's (with a stable outlook), A1 by Moody's Investors Service (with a stable outlook) and A+ by Fitch (with a stable outlook). Therefore, no surety policy or credit has been provided to the counterparties by the Airport. Failure of either the Airport or the counterparty to provide credit support or collateral, as described in the swap agreements, is a termination event under the swap agreements (see termination risk below).

The ratings of the counterparties, or their credit support providers, as of December 31, 2016 are as follows:

Counterparty (credit support provider)	Ratings of the counterparty or its credit support provider		
	S&P	Moody's	Fitch
Goldman Sachs Capital Markets, L.P. (Goldman Sachs Group, Inc.)	BBB+	A3	A
JP Morgan Chase Bank, N.A.	A+	Aa3	AA-
LOOP Financial Products, LLC (Deutsche Bank, AG, New York Branch)	BBB+	A3	A-
Merrill Lynch Capital Services, Inc. (Merrill Lynch & Co., Inc.)	NR	Baa1	A
Royal Bank of Canada	AA-	Aa3	AA
Societe Generale, New York Branch	A	A2	A
Jackson Financial Products, LLC (Merrill Lynch & Co., Inc.)	NR	Baa1	A
GKB Financial Services Corporation II, Inc. (Societe Generale New York Branch)	A	A2	A
Piper Jaffray Financial Products, Inc. (Morgan Stanley Capital Services, Inc.)	BBB+	A3	A

As of December 31, 2016, there was no risk of loss for the swap agreements that had negative fair values. For the swap agreements that had positive fair values, the risk of loss is the amount of the derivatives' fair value.

Termination Risk – Any party to the Airport's swap agreements may terminate the swap if the other party fails to perform under the terms of the contract. Additionally, the Airport may terminate any of its swap agreements at any time at its sole discretion. Further, certain credit events can lead to a termination event under the swap agreements (see Credit Risk above). If, at the time of termination, the swap has a negative fair value, the Airport could be liable to the counterparty for a payment equal to the swap's fair value. If any of the Airport's swap agreements are terminated, the associated variable rate bonds would either no longer be hedged with a synthetic fixed interest rate or the nature of the basis risk associated with the swap agreement may change. The Airport is not aware of any existing event that would lead to a termination event with respect to any of its swap agreements.

Interest Rate Risk – The Airport is exposed to interest rate risk in that as the variable rates of the swap agreements decrease, the Airport's net payments on the swap agreements increase.

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Basis Risk – Each of the Airport’s swap agreements is associated with certain debt obligations or other swaps. The Airport pays interest at variable interest rates on some of the associated debt obligations and associated swaps. The Airport receives variable payments under some of its swap agreements. To the extent the variable rate on the associated debt or the associated swap paid by the Airport is based on an index different than that used to determine the variable payments received by the Airport under the swap agreement, there may be an increase or decrease in the synthetic interest rate intended under the swap agreement. The nature of this risk for each of the Airport’s series of swaps is discussed more specifically in the descriptions of these swap agreements below.

(b) Swap Payments and Associated Debt

Interest Rate Swap Profile (all rates as of December 31, 2016):

	Swaps	1999, 2002, 2009A	2005, 2006B	2006A, 2006B, 2008A	1998	2008B
Associated Debt		2002C, 2008B, 2009C	2007D, 2016A	2002C, 2007F-G, 2016A, 2016B	2008C2-C3	2002C, 2008C1
Payment to Counterparty:		6.3229%	4.8505%	4.0085%	4.7395%	4.7600%
Payment from Counterparty:		<u>1.3090%</u>	<u>4.6257%</u>	<u>0.5402%</u>	<u>0.6402%</u>	<u>0.7985%</u>
Net Swap Payment:		5.0139%	0.2248%	3.4683%	4.0993%	3.9615%
Associated Bond Interest Rate:		<u>1.2179%</u>	<u>5.0000%</u>	<u>1.2534%</u>	<u>1.1500%</u>	<u>1.1487%</u>
Net Swap & Bond Payment:		<u>6.2318%</u>	<u>5.2248%</u>	<u>4.7217%</u>	<u>5.2493%</u>	<u>5.1102%</u>

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2016, debt service requirements of the related variable rate debt and net swap payments for the Airport’s cash flow hedges (1998, 1999, and 2009A Swap Agreements), assuming current interest rates remain the same, for their terms, were as follows (\$ in thousands):

	Principal	Interest	Interest rate swaps net	Total
Year:				
2017	\$ 5,200	\$ 4,736	\$ 18,095	\$ 28,031
2018	8,300	4,679	18,095	31,074
2019	43,435	4,576	16,468	64,479
2020	46,680	4,057	13,216	63,954
2021	48,625	3,499	9,695	61,819
2022-2026	156,955	10,454	13,384	180,792
2027-2031	90,805	3,335	-	94,140
Total	<u>\$ 400,000</u>	<u>\$ 35,336</u>	<u>\$ 88,953</u>	<u>\$ 524,289</u>

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2016.



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(13) Denver International Airport Special Facility Revenue Bonds

To finance the acquisition and construction of various facilities at DEN, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport, and accordingly, have not been reported in the accompanying financial statements. As of December 31, 2016 and 2015, Special Facility Revenue Bonds outstanding totaled \$270,025,000.

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(14) **Compensated Absences**

Employees may accumulate earned but unused benefits up to specified maximum. The changes in compensated absences for 2016 and 2015 are as follows (\$ in thousands):

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Amounts due within one year
Compensated absences payable	<u>\$ 9,071</u>	<u>\$ 6,717</u>	<u>\$ (6,285)</u>	\$ 9,503	<u>\$ 2,299</u>
Less current				(2,299)	
Noncurrent portion				<u>\$ 7,204</u>	
	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	Amounts due within one year
Compensated absences payable	<u>\$ 8,903</u>	<u>\$ 4,010</u>	<u>\$ (3,841)</u>	\$ 9,071	<u>\$ 2,338</u>
Less current				(2,338)	
Noncurrent portion				<u>\$ 6,733</u>	

(15) **Deferred Outflows and Inflows of Resources**

A deferred outflow of resources is a consumption of net position by the Airport that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position by the Airport that is applicable to a future reporting period. Both deferred inflows and outflows of resources are reported in the statements of net position, but are not recognized in the financial statements as revenues and expenses until the period to which they relate. Deferred outflows of resources of the Airport consist of accumulated decreases in fair value of hedging derivatives, deferred losses on refunding and certain pension related deferrals. Deferred inflows of resources are comprised of deferred gain on refundings. The composition of deferred outflows and inflows are as follows as of December 31 (\$ in thousands):

	December 31, 2016	December 31, 2015
Accumulated decrease in fair value of hedging activities	\$ 16,482	\$ 28,023
Deferred loss on refunding of debt	131,626	160,600
GASB 68 Deferred Outflow	<u>49,373</u>	<u>20,809</u>
Total Deferred Outflows	<u>\$ 197,481</u>	<u>\$ 209,432</u>
Deferred gain on refunding of debt	\$ 2,207	\$ 2,650
Total Deferred Inflows	<u>\$ 2,207</u>	<u>\$ 2,650</u>

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(16) Pension Plan

- (a) Substantially all of DEN's employees are covered under the City and County of Denver's pension plan, the Denver Employees' Retirement Plan (DERP).

Plan Description. The Denver Employees' Retirement Plan (DERP) administers a cost-sharing multiple-employer defined benefit plan to eligible members. DERP is administered by the DERP Retirement Board in accordance with sections 18-401 through 18-430.7 of the City's Revised Municipal Code. Amendments to the plan are made by ordinance. These code sections establish the plan, provide complete information on DERP, and vests the authority for the benefit and contribution provisions with the City Council. The DERP Retirement Board acts as the trustee of the Plan's assets.

The Plan provides retirement, death and disability benefits for its members and their beneficiaries. Members who were hired before July 1, 2011, and retire at or after age 65 (or at age 55 if the sum of their age and credited service is at least 75) are entitled to an annual retirement benefit, in an amount equal to 2.0% of their final average salary for each year of credited service, payable monthly for life. Effective for employees hired after September 1, 2004, the formula multiplier was reduced to 1.5%. Final average salary is based on the member's highest salary during a 36 consecutive month period of credited service. Members with 5 years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

For members who were hired after July 1, 2011, they must be age 60 and have combined credited service of at least 85 in order to receive a normal retirement prior to age 65. Final average salary is based on the member's highest salary during a 60 consecutive month period of credited service. Five year vesting is required of all employees in order to qualify for a benefit, regardless of their age at the time of termination of employment.

Annual cost of living adjustments are granted on an ad hoc basis. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the plan's Board, and enacted into ordinance by Denver City Council.

The Plan is accounted for using the economic resources measurement focus and the accrual basis of accounting. DERP issues a publicly available comprehensive annual financial report that can be obtained at <https://www.derp.org/>.

Funding Policy. The City contributes 11.5% of covered payroll and employees make a pre-tax contribution of 8.0% in accordance with Section 18-407 of the Revised Municipal Code of the City. The City's contributions to DERP for the year ended December 31, 2016 and 2015, were \$64,345,000 and \$60,180,229, respectively, which equaled the required contributions. The Airport's share of the total contributions is \$9,176,176 and \$9,109,429 for the year ended December 31, 2016 and 2015, respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2016 and 2015, DEN reported a liability of \$158,033,046 and \$115,000,000, respectively, for its proportionate share of the net pension liability related to DERP. The net pension liabilities were measured as of December 31, 2015 and 2014, respectively, and the total pension liabilities used to calculate the net pension liabilities

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were determined by actuarial valuations as of those respective dates. Member census data for the year preceding the measurement period was used in developing each actuarial valuation. Standard actuarial roll forward techniques were then used to project the total pension liability to the measurement date. The Airport's proportion of the net pension liability was based on contributions to DERP relative to the total contributions of participating employers to DERP.

At December 31, 2015, the Airport's proportion was 13.40067%, which was an increase of 0.27064% from its proportion measured as of December 31, 2014. As of December 31, 2014, the Airport's proportion was 13.13003%, which was an increase of 0.96397% from its proportion of 12.16606% as of December 31, 2013.

The components of the Airport's net pension liability related to DERP as of December 31, 2016 and 2015, respectively, are presented below (\$ in thousands):

	2016	2015
Total pension liability	\$ 418,766	\$ 384,858
Plan fiduciary net position	(260,733)	(269,858)
Net pension liability	\$ 158,033	\$ 115,000

The change in net pension liability for the year ended December 31, 2016 was (\$ in thousands):

Beginning Balance	Additions	Reductions	Ending Balance
\$ 115,000	\$ 52,142	\$ 9,109	\$ 158,033

The change in net pension liability for the year ended December 31, 2015 was (\$ in thousands):

Beginning Balance	Additions	Reductions	Ending Balance
\$ 98,437	\$ 24,433	\$ 7,870	\$ 115,000

For the years ended December 31, 2016 and 2015, pension expense recognized by the Airport was \$23,645,566 and \$12,733,418, respectively. At December 31, 2016, DEN reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (\$ in thousands):

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Sources	Denver International Airport	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,811	\$ -
Changes of assumptions or other inputs	7,062	-
Net difference between projected and actual earnings on pension plan investments	25,173	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,151	-
Contributions subsequent to the measurement date	9,176	-
Total	\$ 49,373	\$ -

At December 31, 2015, DEN reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (\$ in thousands):

Sources	Denver International Airport	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 6,069	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,631	-
Contributions subsequent to the measurement date	9,109	-
Total	\$ 20,809	\$ -

At December 31, 2016 and 2015, the Airport reported \$9,176,176 and \$9,109,429, respectively, as deferred outflows of resources related to pensions resulting from Airport contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following year.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented below (\$ in thousands):

Year Ended December 31,	Denver International Airport	
2017	\$	13,339
2018		12,464
2019		9,261
2020		5,133
2021		-
Thereafter		-
	<u>\$</u>	<u>40,197</u>

The total pension liability in the December 31, 2015 and 2014 actuarial valuations were determined using the actuarial assumptions as follows:

2015	DERP
Investment Rate of Return	7.75%
Salary Increases	3.25% to 7.25%
Inflation	2.75%
2014	DERP
Investment Rate of Return	8.00%
Salary Increases	3.25% to 7.25%
Inflation	2.75%

Mortality rates were based on the RP-2000 Combined Mortality Table via scale AA to 2020, with multipliers specific to gender and payment status of employee.

The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At the time, the recommended mortality table was expected to produce a margin of 8% on the retired male mortality experience and 7% on the retired female experience.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2015 and 2014 these best estimates are summarized in the following table:

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2015		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equities	22.50%	4.30%
Non-US Developed Markets	15.50%	6.00%
Emerging Markets	8.00%	9.80%
Total Public Equity	46.00%	
Core Fixed Income	11.50%	0.80%
Debt	2.50%	5.90%
Private Debt	6.50%	8.40%
Total Fixed Income	20.50%	
Real Estate	8.00%	6.40%
Absolute Return	5.00%	3.60%
Energy MLP's	7.00%	7.30%
Private Equity/Other	13.50%	7.70%
Cash	0.00%	0.50%
Total	100.00%	

2014		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equities	22.50%	4.90%
Non-US Developed Markets	15.50%	7.00%
Emerging Markets	8.00%	9.80%
Total Public Equity	46.00%	
Core Fixed Income	11.50%	1.30%
Debt	2.50%	5.80%
Private Debt	6.50%	8.40%
Total Fixed Income	20.50%	
Real Estate	8.00%	6.50%
Absolute Return	5.00%	3.90%
Energy MLP's	7.00%	7.30%
Private Equity/Other	13.50%	8.40%
Cash	0.00%	0.80%
Total	100.00%	

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Discount Rate. A single discount rate of 7.75% and 8.00% was used to measure the total pension liability at December 31, 2015 and 2014, respectively. This single discount rate was based on the expected rate of return on pension plan investments of 7.75% and 8.00%, respectively. The projection of cash flows used to determine this single rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.75%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage point lower or 1-percentage point higher (\$ in thousands):

2015	1 % Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Proportionate share of net pension liability	\$ 202,009	\$ 158,033	\$ 120,685

Pension Plan Fiduciary Net Position: Detailed information about DERP's fiduciary net position is available in DERP's separately issue of financial reports at <https://www.derp.org/>.

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(b) Postemployment Healthcare Benefits

The health benefits' account was established by City Ordinance in 1991 to provide, beginning January 1, 1992 postemployment healthcare benefits in the form of a premium supplement to retired members, their spouses and dependents, spouses and dependents of deceased active and retired members, and members of the Plan awaiting approval of retirement applications. During 2015, the monthly health insurance premium supplement was \$12.50 per year of service for retired participants under the age of 65, and \$6.25 per year of service for retirees aged 65 and older. The health insurance premium supplement can be applied to the payment of medical, dental, and/or vision insurance premiums. The benefit recipient pays any remaining portion of the premiums.

(17) Other Postemployment Benefit Plan – Implicit Rate Subsidy

Employees of the Airport (as City employees), along with a portion of the employees of Denver Health and Hospital Authority (DHHA) (those employed prior to 2001, who have elected to remain members of the Plan), employees of Denver Employees Retirement Plan (DERP), and a majority of the other employees of the City (certain fire and police personnel are excluded), are participants in the City's health care plan. For active employees participating in the City's health care plan, the employers pay a certain percentage of monthly premiums and the employees pay the remainder of the premium. Vested retired employees participating in the City's health care plan pay 100% of the premium and are eligible for an insurance premium reduction payment from DERP. In establishing premiums, the active and retired employees from the three employers (the City, DERP and DHHA) are grouped together without age-adjustment or differentiation between employers. The premiums are the same for both active and retired employees creating an implicit rate subsidy for the retirees.

The City is acting in a cost-sharing multiple-employer capacity for this other postemployment benefit plan. The City's Revised Municipal Code, Section 18-412, authorizes the City's retirees to participate in the health insurance programs offered to the active employees. To be eligible, a retiree must be a minimum of 55 years of age if hired prior to July 1, 2011, and a minimum of 60 years of age if hired after July 1, 2011, with 5 years of service and have begun receiving their pension benefit. Coverage ceases when one reaches Medicare eligibility age. For purpose of calculating the implicit rate subsidy, it was estimated there were 1,107 retirees not yet covered by Medicare who were covered by the health insurance programs. There is no stand-alone report for this plan and it is not included in the City's financial statements. The City's required contribution toward the implicit rate subsidy is based on a pay-as-you-go financing.

A Schedule of Funding Progress and Schedule of Employer Contributions are presented as Required Supplementary Information following the notes to the financial statements. The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Both the Schedule of Funding Progress and the Schedule of Employer Contributions present information related to the cost-sharing plan as a whole, of which the City, including the Airport, is one participant, and should provide information helpful for understanding the scale of the information presented relative to the Airport.

Projections and benefits for financial reporting purposes are based on the substantive plan as understood by the plan and the members and included in the types of benefits provided at the time of each valuation and the historic pattern of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective calculations.

City and County of Denver
Municipal Airport System

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

For the December 31, 2016, actuarial valuation of the Implicit Rate Subsidy, the entry age normal, level percent of pay, valuation method was used. The actuarial assumptions included a 2.75% general inflation rate, 4.00% investment rate of return, 3.25% salary increase, and health care cost trend grading from 8.5% decreasing by 0.5% per year to 5.0% thereafter. The amortization period was 30 years, open basis, using a level percentage of pay amortization method.

Contributions made by the Airport toward the implicit rate subsidy were \$786,566, \$856,914, and \$770,126 for the years ended December 31, 2016, 2015, and 2014, respectively, based on a pay-as-you-go financing.

(18) Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) held in trust by the City for the exclusive benefit of the participants and their beneficiaries. It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

(19) Commitments and Contingencies

(a) Commitments

At December 31, 2016, the Airport has the following contractual commitments for construction and professional services (\$ in thousands):

Construction Projects	\$	62,745
Construction Projects to be funded by bonded debt		20,179
Total commitments	\$	<u>82,924</u>

(b) Noise Litigation

The City and Adams County entered into an intergovernmental agreement for DEN dated April 21, 1988 (the Intergovernmental Agreement). The Intergovernmental Agreement establishes maximum levels of noise that should not be exceeded on an average annual basis at various grid points surrounding the Airport. Penalties must be paid to Adams County when these maximums are exceeded.

There are no noise penalties due for 2016 or 2015.

(c) Regional Transportation District (RTD)

The City and Regional Transportation District (RTD) entered into an intergovernmental agreement for Denver International Airport (DEN) dated March 16, 2010 (the Intergovernmental Agreement), which contemplated the

City and County of Denver
Municipal Airport System

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

implementation of additional Gateway stations on the East Corridor Line. The Airport was obligated to fund a Gateway station at 61st Avenue and Pena Boulevard, which was completed by RTD, in the amount of \$12,189,520. The Airport and RTD had different interpretations of the IGA's division of performance and payment responsibility in the area immediately south of the DIA Rail Station. Negotiations to settle the remaining issues were unsuccessful. The dispute was resolved in early 2016. The City received reimbursement from RTD of the final agreed to amount of \$7,793,515.

(d) Claims and Litigation

The Airport is involved in several other claims and lawsuits and is the subject of certain other investigations. The Airport and its legal counsel estimate that the ultimate resolution of these matters will not materially affect the accompanying financial statements of the Airport.

(e) Denver International Assets under Operating Leases

The Airport leases portions of its buildings and improvements to airline and concession tenants under non-cancelable operating leases. Lease terms vary from 1 to 30 years. The operating leases with the concession tenants require rental payments equal to the greater of a fixed minimum amount per square foot or percentage of gross receipts. Rental income under operating leases for 2016 and 2015 was \$92,755,096 and \$82,155,236, respectively.

Minimum future rentals due from concession tenants are as follows for the years ending December 31 (\$ in thousands):

2017	\$	89,682
2018		35,158
2019		30,118
2020		26,967
2021		20,821
2022-2026		47,074
2027-2031		1,814
Total minimum future rentals	\$	<u>251,634</u>

The United lease provides that it can be terminated by the airline if the airline's cost per enplaned passenger exceeds \$20 in 1990 dollars. Current costs per enplaned passenger did not approach this limit for either 2016 or 2015. Rental rates for airlines are established under a ratemaking methodology whereby a compensatory method is used to set terminal rental rates and a residual method is used to set landing fees. Rentals, fees, and charges must generate gross revenues together with other available funds sufficient to meet the rate maintenance covenant per the Bond Ordinance.

(f) Federal Grants

Under the terms of the federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Airport management believes disallowances, if any, will be immaterial to its financial position and activities of the Airport.

City and County of Denver Municipal Airport System

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

(20) Insurance

The Department of Aviation is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Department of Aviation has purchased commercial insurance for the various risks.

Employees of the City and County of Denver (including all Department of Aviation employees) are covered by the City's insurance policies. Effective October 1, 1989, the City established a workers' compensation self-insurance trust in accordance with state statutes, to be held for the benefit of the City's employees.

The City's Workers' Compensation Internal Service Fund compensates City employees, or their eligible dependents, for injuries as authorized by the State Workers' Compensation law or City ordinances. The administrators of the fund provide safety training and enhancement programs, in addition to maintaining in-house records of claims.

In 2011, the Department of Aviation established an Owner Controlled Insurance Program (OCIP) to insure all contractors and subcontractors working on the Hotel Transit Center Project. The program included general liability, worker's compensation, builder's risk, contractor's pollution and Owners Protection Professional Liability. In 2013, the airport established a Rolling Owner Controlled Insurance Program (ROCIP) for selected Capital Improvement Projects from 2013 – 2015. In 2016, ROCIP II was established for selected Capital Improvement Projects from 2016-2018. Claims for these programs have not exceeded the insurance coverage since each program's inception.

(21) Significant Concentration of Credit Risk

The Airport derives a substantial portion of its operating revenues from airlines' landing fees and facility rental fees (airline operating revenue). For the years ended December 31, 2016 and 2015, United Airlines group represented approximately 42.9% and 43.0% of the Airport's airline operating revenue, respectively. Southwest Airlines represented 23.3% and 21.8% in 2016 and 2015, respectively. Frontier Airlines represented 9.7% and 10.4% in 2016 and 2015, respectively. No other airline represented more than 10% of the Airport's airline operating revenues. The Airport requires performance bonds to support airlines and concession accounts receivables.

(22) United Airlines

The dominant air carrier at DEN is United Airlines, one of the world's largest airlines. Pursuant to the United Use and Lease Agreement, United currently leases 52 full-service contact gates on Concourse B and 14 ground loading positions. In addition, United together with its United Express commuter affiliates, accounted for 42.0% and 42.3% of enplaned passengers at the Airport in 2016 and 2015, respectively.

2016 Annual Financial Report



**Required Supplementary
Information (Unaudited)**

City and County of Denver
Municipal Airport System

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(UNAUDITED)

December 31, 2016 and 2015 (\$ in thousands)

	2016	2015
Denver International proportion of the net pension liability	13.400670%	13.130030%
Denver International proportionate share of the net pension liability	\$ 158,033	\$ 115,000
Denver International covered-employee payroll	\$ 84,601	\$ 75,900
Denver International proportionate share of the net pension liability as a percentage of its covered-employee payroll	186.80%	151.51%
Plan fiduciary net position as a percentage of the total pension liability	62.26%	70.11%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Information presented in this schedule has been determined as of Denver International's measurement date (December 31, one year prior to the most recent fiscal year-end) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.

Changes in assumptions: The discount rate used to measure the total pension liability at December 31, 2015 was changed from 8% at the prior measurement date to 7.75%.

Note: There were no benefit changes during the year.

City and County of Denver
Municipal Airport System

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS

(UNAUDITED)

December 31, 2016 and 2015 (\$ in thousands)

	2016	2015
Contractually required contribution	\$ 9,176	\$ 9,109
Contributions in relation to the contractually required contribution	9,176	9,109
Contribution deficiency (excess)	\$ -	\$ -
Denver International covered-employee payroll	\$ 85,209	\$ 84,601
Contributions as a percentage of covered-employee payroll	10.77%	10.77%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Information presented in this schedule has been determined as of Denver International's most recent fiscal year-end (December 31) in accordance with Governmental Accounting Standards Board Statement No. 68.

Notes:

There were no benefit changes during the year.

As of October 1, 2015, the valuation interest rate was lowered from 8% to 7.75%.

The latest experience study was conducted in 2013 covered the 5-year period of January 1, 2008 to December 31, 2012. At the time, the recommended mortality table was expected to produce a margin of 8% on the retired male mortality experience and 7% on the retired female experience (Source: Denver Employees' Retirement Plan 2013 Actuarial Experience Study for the period ended December 31, 2012, Page 24, 25).

City and County of Denver
Municipal Airport System

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POSTEMPLOYMENT BENEFITS – SCHEDULE OF FUNDING PROGRESS

(UNAUDITED)

December 31, 2016 and 2015 (\$ in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b- a)/(c)
Implicit Rate Subsidy						
12/31/2012	\$ -	\$ 88,704	\$ 88,704	0.0%	\$ 446,182	19.9%
12/31/2014	-	73,738	73,738	0.0%	487,408	15.1%
12/31/2016	-	76,610	76,610	0.0%	526,301	14.6%

City and County of Denver
Municipal Airport System

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POSTEMPLOYMENT BENEFITS - SCHEDULE OF EMPLOYER CONTRIBUTIONS

(UNAUDITED)

December 31, 2016 and 2015

Year Beginning January 1	Annual Actuarially Required Contribution	Percentage Contributed
Implicit Rate Subsidy		
2014	\$ 4,987	105.1%
2015	\$ 5,048	112.5%
2016	\$ 5,479	95.0%

City and County of Denver
Municipal Airport System

**SCHEDULE OF COMPLIANCE WITH RATE MAINTENANCE COVENANT
AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE
AIRPORT REVENUE ACCOUNT**

(UNAUDITED)

Year ended December 31, 2016 (\$ in thousands)

Facility Rentals	\$	234,578
Concession Income		67,408
Parking Income		176,949
Car Rental Income		66,727
Landing Fees		150,850
Aviation Fuel Tax		18,892
Other Sales and Charges		20,034
Customer Facility Fee Revenue		19,883
Interest Income		26,949
Designated Passenger Facility Charges		35,133
Hotel		43,262
Miscellaneous Income		2,461
Operation and gross revenue as defined in the ordinance:		863,126
Personnel Services		149,958
Contractual Services		212,699
Maintenance, Supplies, and Materials		27,547
Hotel		26,936
Operation and maintenance expenses as defined in the ordinance:		417,140
Net Revenues		445,986
Other Available Funds		51,574
Net Revenue		\$ 497,560
Debt Service Coverage - Senior Bonds		
Debt Service Requirements - Senior Bonds	\$	276,561
Less: Committed Passenger Facility Charges		70,267
Net Debt Service Requirements - Senior Bonds	\$	206,295
Debt Service Coverage - Senior Bonds		241%
Debt Service Coverage - All Bonds		
Debt Service Requirements - Subordinate Bonds	\$	88,619
Net Debt Service Requirements - Senior Bonds		206,295
Net Debt Service Requirements - All Bonds	\$	294,914
Debt Service Coverage - All Bonds		169%

Note: Debt Service Requirements are net of capitalized interest.

See accompanying independent auditors' report



City and County of Denver
Municipal Airport System

**SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT,
BOND RESERVE ACCOUNT, AND THE OPERATION AND MAINTENANCE
RESERVE ACCOUNT AS DEFINED IN THE 1984
AIRPORT SYSTEM GENERAL BOND ORDINANCE**

(UNAUDITED)

Year ended December 31, 2016

(1) Bond Account

There shall be credited to the Bond Account, in the following order of priority:

(a) Interest Account

Required deposit monthly to the Bond Interest Account, commencing on the first day of the month immediately succeeding the issuance of any bonds, an amount which if made in substantially equal installments thereafter would be sufficient to pay the next maturing installment of interest on such series bonds (\$ in thousands).

<u>Bond series</u>	<u>Interest payment date</u>	<u>Balance interest due</u>	<u>Required Interest Acct. balance at 12/31/2016</u>
Series 1992F-G	01/01/17	\$ 30	\$ 30
Series 2002C	01/01/17	24	24
Series 2007A	05/15/17	4,709	785
Series 2007C	05/15/17	771	128
Series 2007D	05/15/17	3,450	575
Series 2007F1-F2	01/01/17	66	66
Series 2007G1-G2	01/01/17	159	159
Series 2008A-1	05/15/17	167	28
Series 2008B	01/01/17	60	60
Series 2008C1	01/01/17	95	95
Series 2008C2-C3	01/01/17	203	203
Series 2009A	05/15/17	4,031	672
Series 2009B	05/15/17	2,094	349
Series 2009C	01/01/17	120	120
Series 2010A	05/15/17	4,111	685
Series 2011A	05/15/17	6,808	1,135
Series 2011B	05/15/17	1,206	201
Series 2012A	05/15/17	6,586	1,098
Series 2012B	05/15/17	11,955	1,993
Series 2012C	05/15/17	544	91
Series 2013A	05/15/17	8,416	1,403
Series 2013B	05/15/17	9,861	1,644
Series 2015A	05/15/17	2,102	350
Series 2016A	05/15/17	6,135	1,022
Series 2016B	01/01/17	82	82
			<u>\$ 12,998</u>

City and County of Denver
Municipal Airport System

**SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT,
BOND RESERVE ACCOUNT, AND THE OPERATION AND MAINTENANCE
RESERVE ACCOUNT AS DEFINED IN THE 1984
AIRPORT SYSTEM GENERAL BOND ORDINANCE**

(UNAUDITED)

Year ended December 31, 2016

(b) Principal Account

Required deposit monthly to the Bond Principal Account, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient to pay the next maturing installment of principal of such Serial Bonds (\$ in thousands).

<u>Bond series</u>	<u>Principal payment date</u>	<u>Balance principal due</u>	<u>Required principal account balance at 12/31/2016</u>
Series 2002C	11/15/17	2,000	\$ 167
Series 2007C	11/15/17	4,870	406
Series 2007D	11/15/17	18,100	1,508
Series 2008A	11/15/17	6,665	555
Series 2008B	11/15/17	3,200	267
Series 2010A	11/15/17	5,460	455
Series 2011A	11/15/17	27,340	2,278
Series 2011B	11/15/17	34,180	2,848
Series 2012A	11/15/17	10,075	840
Series 2012B	11/15/17	4,835	403
Series 2013A	11/15/17	4,930	411
Series 2013B	11/15/17	5,470	456
Series 2015A	11/15/17	14,470	1,206
Series 2016A	11/15/17	24,535	2,045
Series 2016B	11/15/17	3,915	326
			<u>\$ 14,171</u>

(c) Sinking Account

Required deposit monthly to the Bond Sinking Account, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one twelfth of the amount necessary to pay the redemption price or principal of such Term Bonds scheduled to be retired in any year by mandatory redemption, at fixed maturity or otherwise, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore.

City and County of Denver
Municipal Airport System

**SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT,
BOND RESERVE ACCOUNT, AND THE OPERATION AND MAINTENANCE
RESERVE ACCOUNT AS DEFINED IN THE 1984
AIRPORT SYSTEM GENERAL BOND ORDINANCE**

(UNAUDITED)

Year ended December 31, 2016

(d) Redemption Account

Required deposit to the Bond Redemption Account, on or prior to any date on which the Airport exercises its option to call for prior redemption of any Bonds, an amount necessary to pay the redemption price of such bonds on such Redemption Date, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore.

As of December 31, 2016, the redemption account had a balance of \$29.4 million for the sixth runway and baggage system.

(e) Bond Account Summary

The sum of the required bond account balances described in items (a) through (d) above is as follows (\$ in thousands):

BOND ACCOUNT SUMMARY

Bond account balance at December 31, 2016	\$	27,528
Aggregate required bond account balance		27,169
Overfunded	\$	359

(2) Bond Reserve Account

The City is required, after making required monthly deposits to the Interest, Principal, Sinking Account, and Redemption accounts of the Bond Account, to apply Net Revenues to fund the Bond Reserve Account, in an amount equal to the maximum annual interest and principal payable on all outstanding Senior Bonds of the Airport, as defined in the General Bond Ordinance. The amount deposited to the Bond Reserve Account at December 31, 2016 is \$396,377,112. The minimum Bond Reserve Account requirement is \$383,780,493.

(3) Operation and Maintenance Reserve Account

The operation and maintenance reserve account is an amount equal to two times the monthly average operating and maintenance costs of the preceding year. The Airport is required to make equal monthly transfers sufficient to fully fund the Operations and Maintenance Reserve Account by January 1, 2016.

Computation of minimum operation and maintenance reserve (\$ in thousands):

2015 Operation and Maintenance expenses	\$	436,803
Minimum operations and maintenance reserve requirement for 2015	\$	72,800
Operation and maintenance reserve account balance December 31, 2016		88,942
Overfunded	\$	16,142

(1) Under the Supplemental Bond Ordinance effective September 9, 2003, the City may increase the operating and maintenance reserve account balance to an amount equal to four times the prior year's monthly average

2016 Annual Financial Report



**Statistical Section
(Unaudited)**

City and County of Denver
Municipal Airport System
ANNUAL FINANCIAL INFORMATION (UNAUDITED)
LAST TEN FISCAL YEARS

(1) Condensed Schedule of Revenues and Expenses (\$ in thousands)

	<u>2007</u>	<u>2008</u>	<u>2009 *</u>	<u>2010</u>	<u>2011</u>	<u>2012 **</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operating revenues	\$ 530,151	\$ 540,760	\$ 564,490	\$ 601,402	\$ 602,769	\$ 624,673	\$ 661,637	\$ 711,491	\$ 687,536	\$ 742,529
Operating expenses, before depreciation and amortization	<u>290,773</u>	<u>373,829</u>	<u>379,517</u>	<u>409,865</u>	<u>392,862</u>	<u>388,171</u>	<u>431,935</u>	<u>413,563</u>	<u>436,803</u>	<u>469,810</u>
Operating income before depreciation and amortization	239,378	166,931	184,973	191,537	209,907	236,502	229,702	297,928	250,733	272,719
Depreciation and Amortization	<u>159,309</u>	<u>168,026</u>	<u>177,583</u>	<u>181,496</u>	<u>179,070</u>	<u>178,567</u>	<u>184,721</u>	<u>183,560</u>	<u>163,714</u>	<u>179,692</u>
Operating income (loss)	80,069	(1,095)	7,390	10,041	30,837	57,935	44,981	114,368	87,019	93,027
Nonoperating revenues (expenses) Capital contributions, grants and transfers	<u>(49,127)</u>	<u>(44,987)</u>	<u>(59,749)</u>	<u>(87,795)</u>	<u>(75,488)</u>	<u>(46,259)</u>	<u>(55,906)</u>	<u>(9,013)</u>	<u>9,106</u>	<u>12,108</u>
Change in net position	<u>\$ 33,368</u>	<u>\$ (31,689)</u>	<u>\$ (13,738)</u>	<u>\$ (47,554)</u>	<u>\$ (9,949)</u>	<u>\$ 34,672</u>	<u>\$ 20,487</u>	<u>\$ 125,888</u>	<u>\$ 116,608</u>	<u>\$ 108,688</u>

* Restated for GASB 53

** Restated for GASB 65

City and County of Denver
Municipal Airport System
ANNUAL FINANCIAL INFORMATION (UNAUDITED)
LAST TEN FISCAL YEARS

(2) **Passenger Data (amounts in thousands)**

(a) **Enplaned Passengers by Major Airline Category**

Year	Major International Airlines	% Change	Regional Commuter Airlines	% Change	Charter Miscellaneous Airlines	% Change	Total	% Change
2007	20,775	5.6%	3,945	4.1%	221	10.8%	24,941	5.4%
2008	21,514	3.6%	3,946	0.0%	190	(14.0%)	25,650	2.8%
2009	20,647	(4.0%)	4,239	7.4%	242	27.4%	25,128	(2.0%)
2010	21,032	1.9%	4,666	10.1%	327	35.1%	26,025	3.6%
2011	21,709	3.2%	4,440	(4.8%)	306	(6.4%)	26,456	1.7%
2012	21,984	1.3%	4,324	(2.6%)	289	(5.6%)	26,597	0.5%
2013	21,618	(1.7%)	4,437	2.6%	230	(20.4%)	26,285	(1.2%)
2014 ⁽¹⁾	21,963	1.6%	4,767	7.4%	6	(97.4%)	26,737	1.7%
2015	22,713	3.4%	4,297	(9.9%)	9	50.0%	27,019	1.1%
2016	24,980	10.0%	4,156	(3.3%)	4	(55.6%)	29,140	7.9%

(1) In 2014, the Airport adjusted the methodology of classifying the airlines between each category based on the type of operation. This primarily included adjusting United Express international operations from Miscellaneous to Regional.

(b) **Enplaned Passengers by Airline**

Airline	2016	% of Total	2015	% of Total
United	8,549	27.7%	7,493	29.3%
United Express	3,697	14.5%	3,928	12.7%
Total United	12,246	42.3%	11,421	42.0%
Southwest	8,565	29.3%	7,929	29.4%
Frontier	3,567	12.5%	3,360	12.2%
American	1,644	6.1%	1,642	5.7%
Delta	1,490	4.9%	1,334	5.1%
Spirit	637	2.1%	564	2.2%
Other	990	2.8%	769	3.4%
Totals	29,140	100%	27,019	100%

(c) **Originating and Connecting Enplaned Passengers for the Year Ended December 31, 2016**

Airline	Originating	Connecting	Total
United	5,003	7,243	12,246
Other	13,524	3,370	16,894
Totals	18,527	10,613	29,140
Percent of total	64%	36%	100%

City and County of Denver
Municipal Airport System
ANNUAL FINANCIAL INFORMATION (UNAUDITED)
LAST TEN FISCAL YEARS

(d) Domestic and International Enplaned Passengers

<u>Enplaned Passengers</u>	<u>2015</u>	<u>2016</u>
Domestic	95.9%	96.1%
International	4.1%	3.9%
<u>Total</u>	<u>100.0%</u>	<u>100.0%</u>

(3) Aircraft Operations

(a) Historical Aircraft Operations

<u>Year</u>	<u>Air Carrier</u>	<u>Commuter</u>	<u>Taxi/Gen Aviation</u>	<u>Military</u>	<u>Total</u>	<u>Percent change</u>
2007	451,228	162,319	5,620	147	619,314	1.6%
2008	460,311	160,746	4,610	177	625,844	1.1%
2009	456,675	151,659	3,513	130	611,977	(2.2%)
2010	468,962	162,646	3,721	116	635,445	3.8%
2011	452,223	178,742	3,628	87	634,680	(0.1%)
2012	443,389	170,809	3,900	159	618,257	(2.6%)
2013	420,073	162,719	3,988	80	586,860	(5.1%)
2014	422,178	148,436	4,021	526	575,161	(2.0%)
2015	424,930	118,147	4,464	107	547,648	(4.8%)
2016	445,019	122,982	4,376	143	572,520	4.5%

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

(4) Historical Passenger Facility Charge Revenues (\$ in thousands)

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2007	\$ 97,191	2012	\$ 105,472
2008	96,786	2013	103,032
2009	96,865	2014	103,959
2010	102,595	2015	106,007
2011	103,210	2016	114,230

City and County of Denver
Municipal Airport System
ANNUAL FINANCIAL INFORMATION (UNAUDITED)
LAST TEN FISCAL YEARS

(5) **Enplaned Cargo Operations (in tons)**

Year	Air Mail	Freight and Express	Total	% Change
2007	2,680	128,682	131,362	(6.3%)
2008	5,892	118,170	124,061	(5.6%)
2009	12,919	104,262	110,722	(10.8%)
2010	9,832	111,024	120,855	9.2%
2011	9,306	111,939	121,245	0.3%
2012	8,687	105,180	113,867	(6.1%)
2013	6,909	104,477	111,386	(2.2%)
2014	7,963	106,766	114,729	3.0%
2015	11,885	107,447	119,332	4.0%
2016	8,826	88,119	96,946	(18.8%)

City and County of Denver
Municipal Airport System
ANNUAL FINANCIAL INFORMATION (UNAUDITED)
LAST TEN FISCAL YEARS

(6) Historical Net Revenues and Debt Service Coverage under the Bond Ordinance (in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Gross revenue	\$ 616,106	\$ 635,607	\$ 631,592	\$ 668,885	\$ 702,157	\$ 713,279	\$ 743,101	\$ 803,620	\$ 808,781	\$ 863,126
Operation and maintenance expenses	282,746	305,382	309,270	302,881	312,278	318,394	349,987	355,769	381,445	417,140
Net revenue	333,360	330,225	322,322	366,004	389,879	394,885	393,114	447,851	427,336	445,986
Other available funds	53,251	53,575	49,288	57,449	57,528	51,685	50,409	54,834	56,908	51,574
Total amount available for debt service requirements	\$ 386,611	\$ 383,800	\$ 371,610	\$ 423,453	\$ 447,407	\$ 446,570	\$ 443,523	\$ 502,685	\$ 484,244	\$ 497,560
Debt service requirements	\$ 229,923	\$ 240,028	\$ 237,905	\$ 235,244	\$ 235,356	\$ 247,563	\$ 242,816	\$ 268,422	\$ 262,516	\$ 294,914
Debt service coverage	168%	160%	156%	180%	190%	180%	183%	187%	184%	169%

City and County of Denver
Municipal Airport System

SUMMARY OF INSURANCE COVERAGE (UNAUDITED)

DECEMBER 31, 2016

Policy number	Company	Item covered	Expiration date	Annual premium	Coverage
AP 086448700-57	AIG/Chartis	Airport Liability	5/1/2019	\$ 435,092	\$ 500,000,000
ERAG93E16	AIG/Chartis	Pollution	5/1/2019	\$ 215,232	\$ 10,000,000
1011329	FM Global	Property	5/1/2017	\$ 1,253,321	\$ 4,000,000,000
106510089	Travelers/Barbican	Network Security	5/1/2017	\$ 186,611	\$ 20,000,000

APPENDIX L

**UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR NINE MONTHS ENDED
SEPTEMBER 30, 2017 AND 2016**

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CITY & COUNTY OF DENVER | MUNICIPAL AIRPORT SYSTEM

QUARTERLY FINANCIAL REPORT

SEPTEMBER 30, 2017 AND 2016

DENVER INTERNATIONAL AIRPORT



2017 QUARTERLY FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)





MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance and activities of the Municipal Airport System (Airport System) of the City and County of Denver (the City) provides an introduction and understanding of the basic financial statements of the Airport System as of and for the nine months ended September 30, 2017, 2016 and 2015. The Airport System includes the Denver International Airport (the Airport) and the former Stapleton International Airport (Stapleton). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

FINANCIAL HIGHLIGHTS

Operating revenues at the Airport totaled \$578.3 million, an increase of \$25.0 million, or 4.5%, for the nine month period ended September 30, 2017, as compared to the nine month period ended September 30, 2016. Airline revenue totaled \$264.3 million, up \$6.3 million, or 2.4% driven by an increase in landing fees due to an increase to the budgeted signatory landing fee rate. Additionally, non-airline revenue totaled \$314.0 million, up \$18.7 million, or 6.3%, in 2017 over prior year, driven by a 6.2% increase in total passengers. Non-airline revenue represented 55% of total operating revenue.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Airport's financial statements consist of its statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows, and notes to the financial statements. The statements of net position present information on the Airport's assets, deferred outflows, liabilities, deferred inflows and net position. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the Airport is improving or deteriorating. The statements of revenues, expenses and changes in net position present information showing how the Airport's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The Governmental Accounting Standards Board (GASB) requires the Airport to present comparative financial statements; its MD&A is required to address both years presented in the comparative financial statements. Therefore, the Airport's MD&A presents three years of comparative data – current year, the prior year and the year preceding the prior year (i.e., 2017, 2016 and 2015).



OPERATING STATISTICS

Airport operating revenues are primarily driven by airline operations and passenger traffic. The operating statistics section provides information about these figures, as well as the change from the prior period. These statistics in large part drive the financial results of the Airport, as discussed in the following pages. All statistics are obtained from airline self-reporting, as required in the use and lease agreements.

**Summary of Operating Statistics
as of September 30, 2017, 2016, and 2015**

	2017	2016	2015	2017 / 2016 Change	2017 / 2016 % Change
Enplanements (in thousands)	23,134	21,771	20,129	1,364	6.3%
Passengers (in thousands)	46,232	43,519	40,222	2,713	6.2%
Cargo (in tons)	213,719	201,582	203,640	12,136	6.0%
Landed weight (in millions lbs)	25,517	24,131	22,366	1,386	5.7%

**Year to Date Enplanements
as of September 30, 2017, 2016, and 2015**

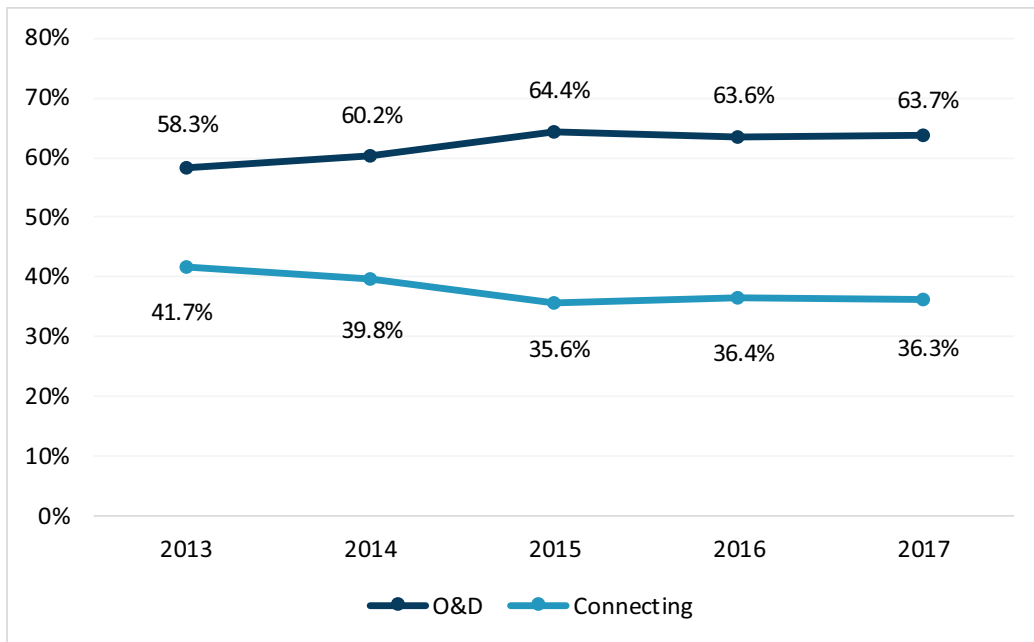
	2017	2016	2015	2017 / 2016 Change	2017 / 2016 % Change
United	9,751,854	9,128,162	8,492,963	623,692	6.8%
Southwest	6,809,975	6,372,398	5,907,297	437,577	6.9%
Frontier	2,703,625	2,664,659	2,438,066	38,966	1.5%
American	1,270,961	1,252,966	1,257,439	17,995	1.4%
Delta	1,230,623	1,120,208	995,243	110,415	9.9%
Spirit	452,804	488,129	437,758	(35,325)	(7.2%)
Other	914,622	744,141	599,891	170,481	22.9%
Total	23,134,464	21,770,663	20,128,657	1,363,801	6.3%

**Year to Date Total Passengers
as of September 30, 2017, 2016, and 2015**

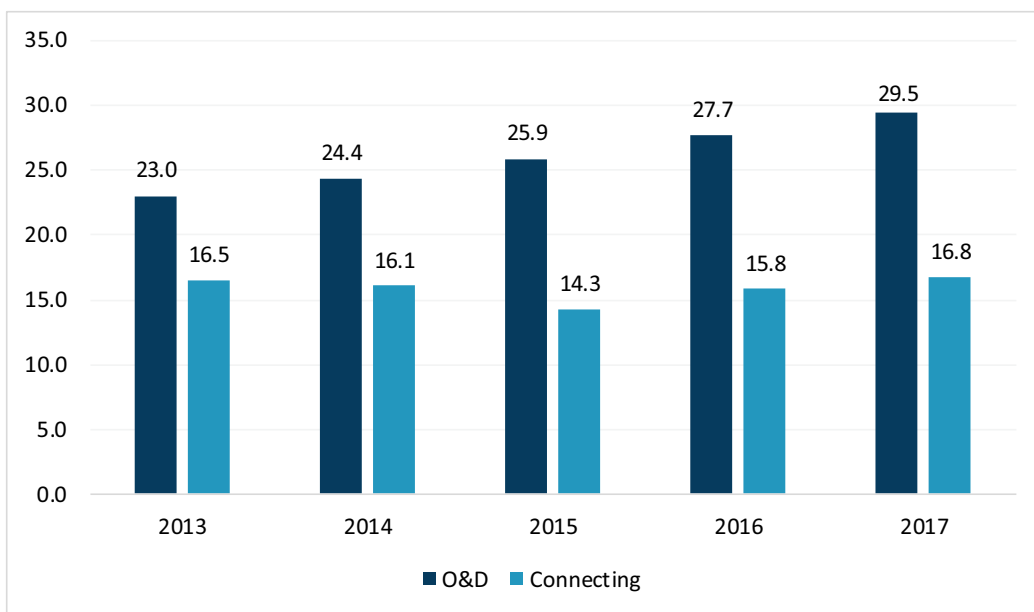
Airline	2017		2016		2017 / 2016	
	Total Passengers	% O&D	Total Passengers	% O&D	Change in Passengers	% Change
United	19,463,724	42.5%	18,225,691	40.7%	1,238,033	6.8%
Southwest	13,587,539	72.2%	12,712,796	73.8%	874,743	6.9%
Frontier	5,407,331	74.4%	5,325,246	74.8%	82,085	1.5%
American	2,536,760	100.0%	2,516,824	100.0%	19,936	0.8%
Delta	2,474,122	95.8%	2,250,686	95.8%	223,436	9.9%
Spirit	914,601	98.7%	984,924	98.5%	(70,323)	(7.1%)
Other	1,848,330	84.1%	1,503,150	82.6%	345,180	23.0%
Total	46,232,407	63.7%	43,519,317	63.6%	2,713,090	6.2%



Origin and Destination (O&D) vs. Connecting Passengers by Percentage
as of September 30, 2017



Origin and Destination (O&D) vs. Connecting Passengers by Passenger Count
as of September 30, 2017





Summary of Revenues, Expenses, and Changes in Net Position

The following is a summary of the revenues, expenses and changes in net position for the nine month period ended September 30, 2017, 2016 and 2015 (\$ in thousands):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017 / 2016</u> <u>\$ Change</u>	<u>2017 / 2016</u> <u>% Change</u>
Operating Revenue	\$ 578,250	\$ 553,265	\$ 515,262	\$ 24,985	4.5%
Less: Operating Expenses Before					
Depreciation and Amortization	<u>321,637</u>	<u>328,910</u>	<u>301,667</u>	<u>(7,273)</u>	<u>(2.2%)</u>
Operating Income Before					
Depreciation and Amortization	256,613	224,355	213,595	32,258	2.3%
Less: Depreciation and Amortization	<u>132,290</u>	<u>126,984</u>	<u>122,736</u>	<u>5,306</u>	<u>4.2%</u>
Operating Income	<u>124,323</u>	<u>97,371</u>	<u>90,859</u>	<u>26,952</u>	<u>6.5%</u>
Nonoperating Revenues	135,166	135,678	137,656	(512)	(0.4%)
Less: Non-Operating Expenses	127,959	169,575	142,855	(41,616)	(24.5%)
Capital Grants and Contributions	<u>25,101</u>	<u>2,994</u>	<u>4,523</u>	<u>22,107</u>	<u>738.4%</u>
Increase (Decrease) in Net Position	<u>156,631</u>	<u>66,468</u>	<u>90,183</u>	<u>90,162</u>	<u>135.6%</u>
Net Position, Beginning of Year	<u>834,141</u>	<u>725,453</u>	<u>608,845</u>	<u>108,688</u>	<u>15.0%</u>
Net Position, End of Period	<u>\$ 990,772</u>	<u>\$ 791,921</u>	<u>\$ 699,028</u>	<u>198,851</u>	<u>25.1%</u>

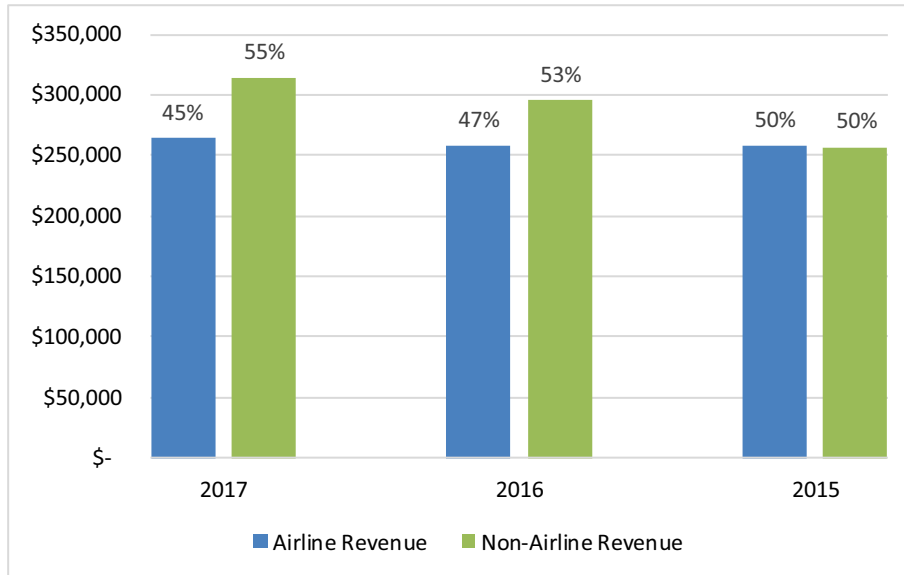
Summary of Operating Revenues

The following is a summary of operating revenues for the nine month period ended September 30, 2017, 2016, and 2015 (\$ in thousands):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017 / 2016</u> <u>\$ Change</u>	<u>2017 / 2016</u> <u>% Change</u>
Operating Revenue:					
Airline Revenue					
Facility Rentals	\$ 144,749	\$ 149,209	\$ 154,857	\$ (4,460)	(3.0%)
Landing Fees	<u>119,505</u>	<u>108,793</u>	<u>103,275</u>	<u>10,712</u>	<u>9.8%</u>
Total Airline Revenue	<u>264,254</u>	<u>258,002</u>	<u>258,132</u>	<u>6,252</u>	<u>2.4%</u>
Non-Airline Revenue					
Parking	131,578	134,105	132,521	(2,527)	(1.9%)
Concession	53,572	48,907	44,383	4,665	9.5%
Car Rental	57,123	52,763	51,568	4,360	8.3%
Hotel	36,533	32,835	-	3,698	11.3%
Aviation Fuel Tax	15,611	12,171	14,277	3,440	28.3%
Ground Transportation	9,635	7,447	6,451	2,188	29.4%
Other Sales and Charges	<u>9,944</u>	<u>7,035</u>	<u>7,930</u>	<u>2,909</u>	<u>41.4%</u>
Total Non-Airline Revenue	<u>313,996</u>	<u>295,263</u>	<u>257,130</u>	<u>18,733</u>	<u>6.3%</u>
Total Operating Revenue	<u>\$ 578,250</u>	<u>\$ 553,265</u>	<u>\$ 515,262</u>	<u>\$ 24,985</u>	<u>4.5%</u>



Percentage of Total Operating Revenues
(\$ in thousands)



Total Operating Revenues (% of total)
As of September 30, 2017, 2016, and 2015

	2017	2016	2015
Airline Revenue			
Facility Rentals	25%	27%	30%
Landing Fees	20%	20%	20%
Total Airline Revenue	45%	47%	50%
Non-Airline Revenue			
Parking	23%	24%	26%
Concession	10%	10%	10%
Car Rental	9%	9%	9%
Hotel	6%	6%	0%
Aviation Fuel Tax	3%	2%	3%
Ground Transportation	2%	1%	1%
Other Sales and Charges	2%	1%	1%
Total Non-Airline Revenue	55%	53%	50%



2017/2016

Total Airline Revenues at the Airport totaled \$264.3 million, an increase of \$6.3 million, or 2.4%, for the nine month period ended September 30, 2017, as compared to the same period in 2016.

Facility Rentals decreased by (\$4.5) million, or (3.0%), due to an (8.8%) reduction in the budgeted terminal complex rental rate in 2017. This was partially offset by a 1.8% increase in the rate charged for the use of the automatic guideway transit system (AGTS), as well as a 3.1% increase in the airline ramp rental rate.

Landing Fees increased by \$10.7 million, or 9.8%, due to an increase in the budgeted signatory landing fee in order to fund the increases in debt service and amortization expenses related to the airfield. A mid-year adjustment was made, effective September 1, 2017, reducing the signatory landing fee from \$5.08 to \$4.71 per 1,000 pounds of landed weight compared to \$4.53 in 2016.

Total Non-Airline Revenues at the airport totaled \$314.0 million, an increase of \$18.7 million, or 6.3% for the nine month period ended September 30, 2017, as compared to the same period in 2016.

Parking revenue decreased by (\$2.5) million, or (1.9%), partially due to the offering of additional options and alternative methods of transportation (e.g. Uber, Lyft, RTD A-Line, Off Site Parking). Additionally, parking rates remained flat year over year.

Concession revenue increased \$4.7 million, or 9.5%, due to an increase of 1.4 million, or 6.3%, in total enplaned passengers, of which 0.1 million were international enplaned passengers, an increase of 10.6% vs. 2016. The openings of new locations, as well as the refresh of existing locations, also helped drive incremental revenue growth.

Car Rental revenue increased by \$4.3 million, or 8.3%, due to a 6.5% increase in O&D passengers, as well as an increase of 9.3% in total minimum annual guaranteed (MAG) rent payments by car rental companies.

Hotel revenue increased \$3.7 million, or 11.3%. The majority of the increase is due to an increase in total occupancy from 62.8% in 2016 to 71.8% in 2017, as well as a 5.8% increase in food and beverage revenue due to increased restaurant traffic and banquet events.

Aviation Fuel Tax increased by \$3.4 million, or 28.3% primarily due to an increase in the price of fuel over the prior year. Additionally, landed weight increased by 1.4 billion pounds, or 5.7%, in 2017, driving an increase in the amount of fuel sold. Fuel tax revenues are comprised of both excise and sales tax collections. The Airport receives \$0.02 per gallon from excise tax collections, and 65% of the 2.9% sales tax collections.

Ground Transportation increased \$2.2 million, or 29.4%, due to Uber and Lyft growth, as well as a 6.5% increase in O&D passenger traffic.

Other Sales and Charges increased by \$2.9 million, or 41.4%, due to an increase in oil and gas royalties as well as an increase in interest charged.



2016/2015

Total Airline Revenues at the airport totaled \$258.0 million, a decrease of (\$0.1) million, or (0.1%), for the nine month period ended September 30, 2016, as compared to the same period in 2015.

Facility Rentals decreased by (\$5.6) million, or (3.6%) due to changes in leased space. Both stub periods for 2015 and 2016 include a \$30 million airline revenue credit. In the 2015 audited financials, the full year, \$40 million airline revenue credit was recognized in Q4. Beginning in September, 2016, the revenue credit is accrued for on a monthly basis.

Landing Fees increased by \$5.5 million, or 5.3%, which is attributable to a 7.9% increase in landed weight and a slight decrease in the budgeted signatory rate when compared to the prior period.

Total Non-Airline revenues at the airport totaled \$295.3 million, an increase of \$38.1 million, or 14.8% for the nine month period ended September 30, 2016, as compared to the same period in 2015.

Concession revenue increased by \$4.5 million, or 10.2%, as compared to 2015, primarily due to an increase in enplaned passengers, as well as new concessions coming on line.

In its first nine full months of operations, the Hotel brought in revenues of \$32.8 million. The Hotel opened in November 2015.

Aviation Fuel Tax decreased for the first nine months of 2016 by (\$2.1) million, or (14.7%). The State portion of the fuel tax is based on gross revenue, which correlates with the price of fuel.

Summary of Operating Expenses

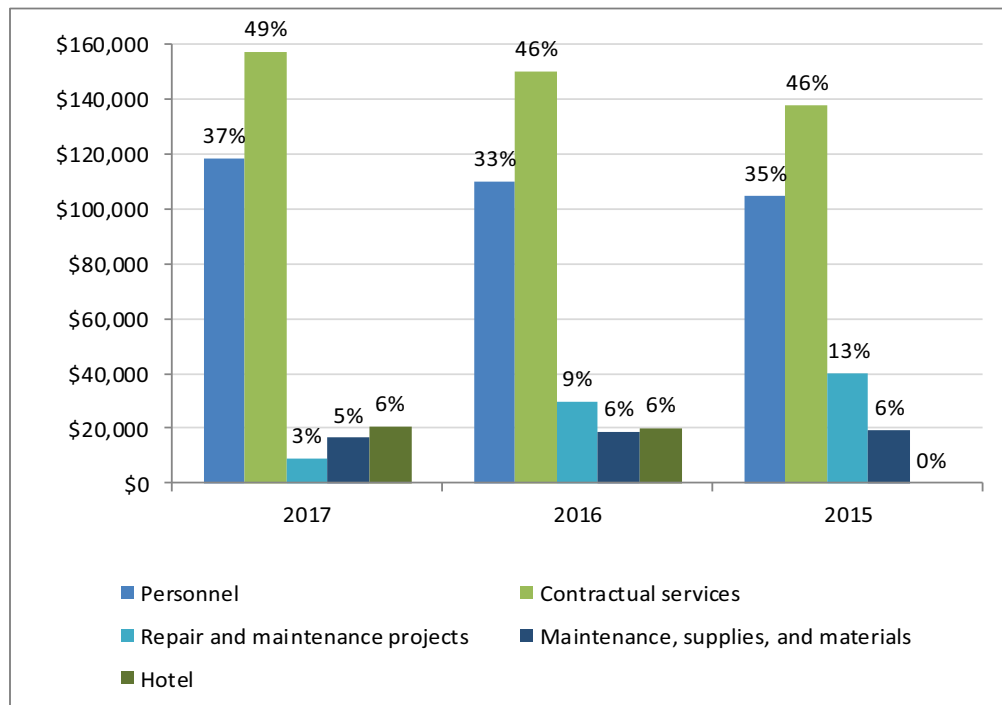
The following is a summary of operating expenses before depreciation and amortization for the nine month period ended September 30, 2017, 2016 and 2015 (\$ in thousands):

	2017	2016	2015	2017 / 2016 \$ Change	2017 / 2016 % Change
Personnel	\$ 118,284	\$ 109,989	\$ 104,550	\$ 8,295	7.5%
Contractual Services	157,354	149,960	137,677	7,394	4.9%
Repair and Maintenance Projects	8,918	29,739	40,142	(20,821)	(70.0%)
Maintenance, Supplies, and Materials	16,474	18,990	19,298	(2,516)	(13.3%)
Hotel ¹	20,607	20,232	-	375	1.9%
Total Operating Expenses					
Before Depreciation and Amortization	<u>\$ 321,637</u>	<u>\$ 328,910</u>	<u>\$ 301,667</u>	<u>\$ (7,274)</u>	<u>(2.2%)</u>

¹Hotel opened November 2015



Total Operating Expenses Before Depreciation and Amortization (% of total)



2017/2016

Operating expenses, exclusive of depreciation and amortization, were \$321.6 million for the nine month period ended September 30, 2017, a decrease of (\$7.3) million, or (2.2%), as compared to the same period in 2016.

Personnel increased \$8.3 million, or 7.5%, in 2017, primarily due to a decrease in YTD vacancy rates from 9.1% in 2016 to 6.9% in 2017, as well as a 3.15% merit increase in annual salaries and benefits.

Contractual Services increased by \$7.4 million or 4.9%, primarily due to increases in budgeted key professional services to support long-term growth and development initiatives.

Repair and Maintenance decreased by (\$20.8) million or (70.0%) primarily due to variances in project scope when compared to prior year. During 2016, more costs were incurred on repair projects that did not extend the life of discrete assets. During 2017, more projects were deemed to extend asset lives and therefore were capitalized, primarily due to the types of capital projects.

Maintenance, Supplies and Materials decreased by (\$2.5) million, or (13.3%), due to decreased spend on snow removal chemicals. 10.4 inches of snow fell during the first nine months of 2017, compared to the 50.2 inches during the first nine months of 2016.

Hotel expenses between 2017 and 2016 increased \$0.4 million, or 1.9%, due to an 8.3% increase in occupancy over prior year.



2016/2015

Operating expenses before depreciation and amortization increased by \$27.2 million, or 9.0%, to \$328.9 million in the first nine months of 2016.

Personnel increased \$5.4 million, or 5.2%. The increase is a result of a 3.2% merit raise as approved by the City Council, a 3.5% increase in uniformed salaries due to collective bargaining agreement terms, and an increase in the number of employee retirements resulting in higher benefit pay outs such as sick and vacation balances.

Contractual Services increased by \$12.3 million, or 8.9%, primarily due to an increase in the number of snow events resulting in higher snow removal expenses, and an increase in professional consulting services.

Repair and Maintenance projects decreased by (\$10.4) million, or (25.9%), primarily due to variances in project scope when compared to the prior year. In the first nine months of 2015, more monies were expended on repair projects that did not extend the life of discrete assets. During 2016, more projects were deemed to extend asset lives, and were therefore considered to be capital improvements.

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

2017/2016

Total Non-Operating Revenues decreased by (\$0.5) million, or (0.4%). The Passenger Facility Charges increase is due to the 6.3% increase in enplaned passengers, but this is offset by a decrease in other revenues related to fewer parcels of Stapleton land being sold in 2017.

Total Non-Operating expenses decreased (\$41.6) million, or (24.5%), primarily due to a decrease in interest expense.

In 2017 and 2016, capital grants totaled \$25.1 million and \$3.0 million, respectively. The increase in 2017 is primarily driven by the receipt of \$19.5 million of Transportation Security Administration grant funding for a capital project to improve the throughput of the checked baggage handling system.

2016/2015

Total Non-Operating Revenues decreased by (\$2.0) million, or (1.4%). The variance is primarily due to a (\$11.2) million, or (33.2%) decrease in investment income. The primary offset to this decrease is a \$4.9 million, or 6.1% increase in passenger facility charges attributable to the 8.2% increase in passenger traffic.

Total Non-Operating expenses increased by \$21.4 million, or 15.0%, primarily due to an increase in interest expenses.



Summary of Net Position

The following is a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of September 30, 2017, 2016, and 2015 (in thousands):

	2017	2016	2015	2017 / 2016 \$ Change	2017 / 2016 % Change
Assets:					
Current assets, unrestricted ¹	\$ 160,555	\$ 145,483	\$ 122,471	\$ 15,072	10.4%
Current assets, restricted	157,719	130,032	103,272	27,687	21.3%
Noncurrent investments, unrestricted	627,141	650,222	757,338	(23,081)	(3.5%)
Noncurrent Investments, restricted	870,513	703,670	793,556	166,843	23.7%
Long-term receivables	7,092	7,041	10,409	51	0.7%
Capital assets, net	3,572,680	3,538,597	3,482,899	34,083	1.0%
Bond insurance costs, net	1,505	1,725	3,063	(220)	(12.7%)
Interest rate swaps	33,206	33,206	46,282	-	0.0%
Total assets	<u>5,430,411</u>	<u>5,209,976</u>	<u>5,319,290</u>	<u>220,435</u>	<u>4.2%</u>
Deferred outflows of resources	<u>180,409</u>	<u>197,481</u>	<u>209,432</u>	<u>(17,072)</u>	<u>(8.6%)</u>
Liabilities:					
Current liabilities, unrestricted	207,365	159,341	145,944	48,024	30.1%
Current liabilities, restricted	230,312	215,149	253,178	15,163	7.0%
Bonds payable, noncurrent	3,852,106	3,865,703	4,070,819	(13,597)	(0.4%)
Interest rate payable swaps, noncurrent	154,486	154,486	196,761	-	0.0%
Notes payable, noncurrent	8,667	11,193	12,184	(2,526)	(22.6%)
Compensated absences payable, noncurrent	7,204	7,204	6,733	-	0.0%
Net pension liability	158,033	158,033	115,000	-	0.0%
Total liabilities	<u>4,618,173</u>	<u>4,571,109</u>	<u>4,800,619</u>	<u>47,064</u>	<u>1.0%</u>
Deferred inflows of resources	<u>1,875</u>	<u>2,207</u>	<u>2,650</u>	<u>(332)</u>	<u>(15.0%)</u>
Net position (deficit)					
Net investment in capital assets	(389,830)	(392,998)	(626,147)	3,168	(0.8%)
Restricted	779,890	614,644	669,009	165,246	26.9%
Unrestricted	600,712	612,495	682,591	(11,783)	(1.9%)
Total net position	<u>\$ 990,772</u>	<u>\$ 834,141</u>	<u>\$ 725,453</u>	<u>\$ 156,631</u>	<u>18.8%</u>

¹Accounts receivable net of allowance for doubtful accounts of \$236 and \$2,687, respectively



2017/2016

Total assets increased by \$220.4 million, or 4.2%, compared to December 31, 2016. This was primarily due to an increase of \$161.0 million, or 10.4%, in total cash and investments, as well as a \$24.2 million, or 63.9%, increase in accounts receivable. Total deferred outflows of resources decreased by (\$17.1) million, or (8.6%) due to the amortization of deferred losses on refundings.

Total liabilities increased by \$47.1 million, or 1.0%, compared to December 31, 2016. This was primarily attributed to an increase in accrued interest of \$15.9 million, as interest is paid semi-annually in May and November, as well as a \$46.3 million increase in other liabilities. This was partially offset by a (\$13.6) million decrease, or (9.4%) in net unamortized premiums of revenue bonds.

Of the Airport's 2017 total net position, 78.7% was restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent \$769.7 million for debt service and \$10.2 million for capital projects, respectively.

At September 30, 2017, the remaining net position consist of unrestricted balance of \$600.7 million and net investment in capital of (\$389.8) million. A negative investment results because the outstanding indebtedness exceeds the net book value of the capital assets funded by the indebtedness. Unrestricted net position may be used to meet any of the Airport's ongoing operational needs, as such, management of the Airport has internally designated \$65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements.

2016/2015

During the first nine months of 2016, total assets increased by \$133.3 million, or 2.5%, primarily due to increases in restricted investments of \$98.0 million, or 12.4%. Additionally, accounts receivable increased by \$37.0 million, or 97.3%, primarily due to the reclassification of 2015 airline revenue credits to revenue credit payable. 2014 airline revenue credits residing in the 2015 accounts receivable balance within current assets, unrestricted, have not been reclassified to current liabilities, unrestricted. Buildings increased by \$368.4 million, or 15.9%, due to new facilities and facility improvements entering service during 2016 (primarily the transit center and RTD platform). The increase in buildings is largely offset by a (\$278.7) million, or (51.8%) decrease in the construction in process balance. The remaining offset is related to recording depreciation expense of \$116.3 million for the first nine months of 2016.

Total deferred outflow decreased by (\$22.3) million, or (10.6%) due to changes in the fair value of swap derivatives and the amortization of deferred losses on refundings.

During the first nine months of 2016, total liabilities increased by \$44.9 million, or 0.9%. The increase was primarily due to the \$33.7 million increase in revenue credit payable, as previously noted. Additional increases include a \$39.2 million increase in accrued interest and matured coupons due to the 2015 year-end position reflecting a November payment of interest. Offsets to these increases include a \$24.2 million decrease in vouchers payable (unrestricted and restricted combined), related to the timing, size, and scope of payments.

Of the Airport System's 2016 total net position, 96% is restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted for debt service represent \$642.7 million; \$50.3 million is restricted for capital projects.

As of September 30, 2016, the remaining net position includes unrestricted net position of \$642.7 million that may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated \$65.8 million of its unrestricted net position amounts as allowed in the 1984 Airport System General



Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$612.4) million represents the Airport's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

Long-Term Debt

As of September 30 2017, the Airport had approximately \$3.9 billion in outstanding bonded debt (exclusive of deferred loss on bonds and unamortized premiums), both senior and subordinate, paying fixed and variable interest rates. The total annual debt service (principal and interest) was approximately \$365.2 million in 2016.

The Airport's senior lien debt is currently rated by Standard & Poor's, Moody's, and Fitch at A+, A1 and A+, respectively, with Standard and Poor's and Moody's giving the Airport a stable outlook and Fitch giving the Airport a positive outlook.

The Airport's governing bond ordinances (the bond ordinance) require that the Airport's net revenues plus other available funds, as defined in the bond ordinance, be sufficient to provide debt service coverage of 125% of the annual debt service requirement on senior bonds and 110% of the aggregate annual debt service requirements on senior and subordinate bonds. The debt service coverage ratio on all bonds for the years ended December 31, 2016 and 2015 were 169% and 184% of total debt service, respectively.

In the 4th quarter of 2017, the Airport will be pricing Series 2017A and Series 2017B Bonds. The Series 2017A and Series 2017B Bonds will be used to refund Series 2007A and Series 2007D Bonds, and Series 2007C Bonds, respectively.

On December 1, 2016, the Airport issued \$256.8 million of Series 2016A Bonds in a non-AMT fixed rate mode to refund all of the outstanding Series 2006A, 2007B, 2007E Bonds through a negotiated sale with RBC Capital Markets as the lead underwriter. On December 13, 2016, the Airport issued \$108.7 million of Series 2016B Bonds in a non-AMT index rate mode to refund all of the outstanding Series 2014A Bonds through a negotiated sale with Bank of America Merrill Lynch. Combined, these two transactions will result in a net present value savings of \$41.5 million through 2032.

On November 20, 2015, the Airport issued \$195.9M of Series 2015A Bonds in a fixed rate mode to refund all of the outstanding Series 2005A Bonds via direct placement with Bank of America, resulting in a net present value savings of approximately \$38 million.

Capital Assets

As of September 30, 2017 and December 31 2016, the Airport had approximately \$3.6 billion and \$3.5 billion of capital assets, respectively. These amounts are net of accumulated depreciation of approximately \$3.2 billion in 2017 and \$3.1 billion in 2016.

The Airport developed a new capital program for the Airport for the years 2018 through 2022 (the "2018-2022 Capital Program"). The last capital program for the Airport was developed for the period 2013-2018. Major projects completed in 2013 through 2017 as part of the 2013-2018 Capital Program include the Hotel and Transit Center, the expansion of Concourse C to add gates, construction of a new parking garage, and airfield pavement rehabilitation and lighting projects.



The 2018-2022 Capital Program includes a preliminary list of projects with a total cost of approximately \$3.5 billion in the following areas of the Airport:

	<u>in billions</u>
Concourse A, B, C	\$1.8
Jeppesen Terminal	1.1
Airside	0.3
Landside	0.2
DEN Real Estate	0.1
TOTAL	<u>\$3.5</u>

Concourse A, B, C:

Major projects include the concourse gate expansion, as well as signage and wayfinding upgrades, remodeling of the public restrooms and the conveyance replacement program. This includes the design and construction of new gates and associated apron, airfield, and roadway improvements on Concourse A, B and C, as well as increase the amount of airline and concessions space on each concourse. It is the Airport's current expectation that a majority of the additional gates and space would be revenue-producing in the near and longer term due to current airline demand.

Jeppesen Terminal:

Major projects include the Great Hall project, baggage system upgrades, additional AGTS train sets and the AGTS car replacement program. The Great Hall project includes renovations to Jeppesen Terminal designed to, among other things, enhance security of the passengers and the Airport, improve passenger flow and increase and improve concessions areas. Major projects in connection with the baggage handling system improvements consist of the development of two new checked bag resolution areas that will replace the nine existing locations; installation of new conventional baggage conveyors and individual carrier system to move bags identified for additional screening between the screening areas to the new checked bag resolution areas; modifications to the run out belts and equipment in the airline use area of level 6 and associated rights of way to accommodate upgrades; and replacement and update of baggage handling system controls, automatic tag readers, and baggage handling reporting systems to meet the latest TSA requirements.

Airside:

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

Landside:

Major projects include the East Bound Peña Boulevard reconstruction, realignment and various sections of roadway as well as annual pavement rehabilitation to replace deteriorating concrete. In addition, this includes the replacement of the revenue control system, which will improve parking services.

DEN Real Estate:

Major projects include the improvements and development of the Airport's real estate infrastructure.



Construction Commitments: As of September 30, 2017, the Airport had outstanding contractual construction and professional services commitments of approximately \$119.2 million.

Passenger Facility Charges (CFC)

In 1992, the PFC program authorized the imposition of a fee of \$3.00 per enplaned passenger and the use of this funding for approved projects, with certain qualifying airports permitted to charge a maximum PFC of \$4.50. In 2000, the Federal Aviation Administration approved the Airport's application for an increase in the PFC fee from \$3.00 to \$4.50, the revenues from which are to be used for qualified costs of the Airport, including associated debt service and approved capital projects. The Airport increased the PFC rate from \$3.00 to \$4.50 effective April 1, 2001. As of December 31, 2016 a total of \$1.9 billion has been remitted to the Airport, (including interest earned), of which \$106.2 million has been expended on approved projects. \$1.8 billion has been used to pay debt service on the Airport's general airport revenue bonds, and \$33.8 million is unexpended. The Airport's authorization to impose the PFC expires on the earlier of February 1, 2029, or upon collection of the authorized maximum PFC total of \$3.3 billion.

Customer Facility Charges (CFC)

Effective January 1, 2014, the Airport imposed a CFC of two dollars and fifteen cents (\$2.15) per Rental Car Transaction Day. The CFC is imposed pursuant to the provisions of Chapter 5 and Sections 5-15 and 5-16 of the Revised Municipal Code of the City and County of Denver. The CFC shall be established through a cost recovery methodology based on the estimated costs associated with the management of, improvements to, and expansion of the existing rental car facility area and related transportation facilities and the planning and design of future phases of the rental car program.

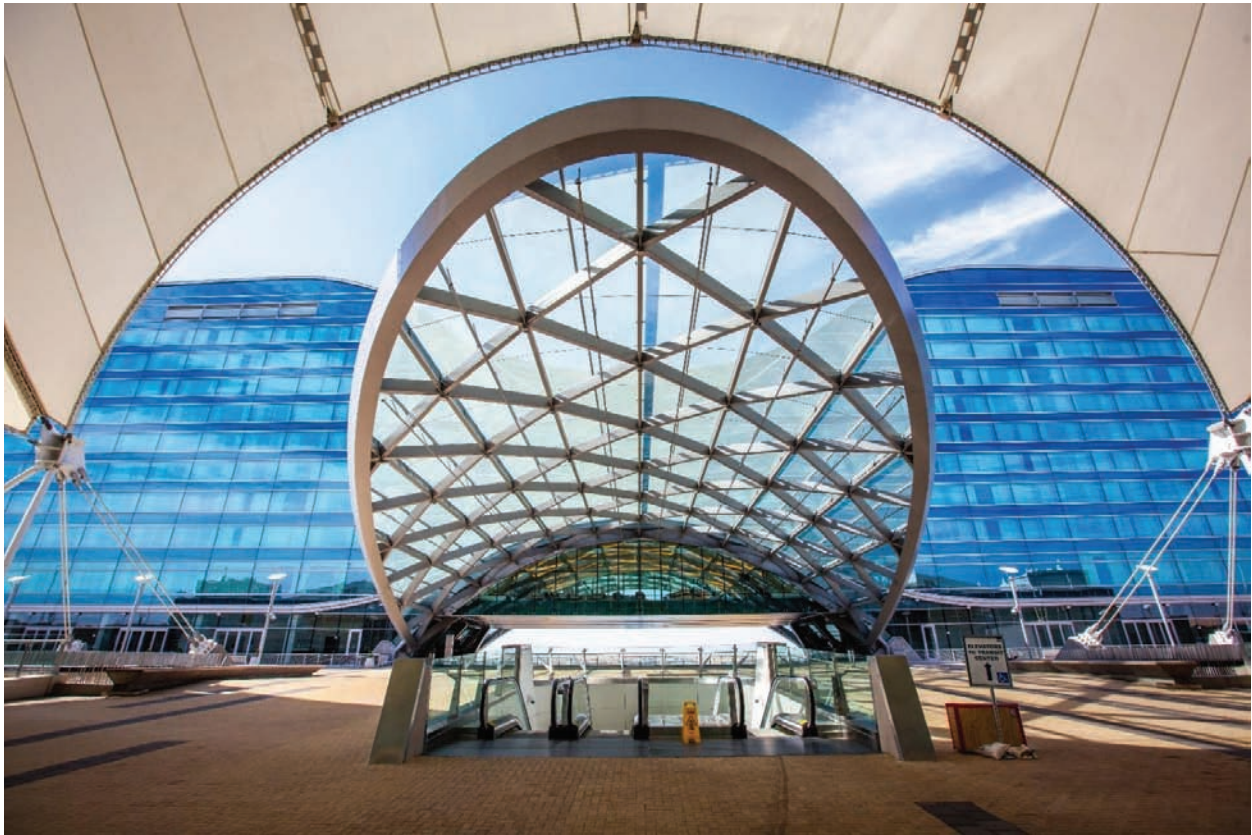
Request for Information

This financial report is designed to provide a general overview of the Airport's finances for all those with an interest. Questions concerning any of the information presented in this report or requests for additional information should be addressed to the Finance Department, Denver International Airport, Airport Office Building, 8th Floor, 8500 Pena Boulevard, Denver, CO 80249-6340.



2017 QUARTERLY FINANCIAL REPORT

FINANCIAL STATEMENTS





Statements of Net Position
September 30, 2017 and December 31, 2016 (\$ in thousands)

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 31,174	\$ 32,321	\$ (1,147)	(3.5%)
Investments	52,368	54,295	(1,927)	(3.5%)
Accounts receivable ¹	61,964	37,808	24,156	63.9%
Accrued interest receivable	1,947	6,496	(4,549)	(70.0%)
Customer facility charges receivable	1,089	3,127	(2,038)	(65.2%)
Inventories	10,370	10,716	(346)	(3.2%)
Prepaid expenses and other	1,643	720	923	128.2%
Total current unrestricted assets	<u>160,555</u>	<u>145,483</u>	<u>15,072</u>	<u>10.4%</u>
Restricted assets:				
Cash and cash equivalents	51,725	45,373	6,352	14.0%
Investments	72,690	58,758	13,932	23.7%
Accrued interest receivable	509	770	(261)	(34.0%)
Prepaid expenses and other	7,710	6,363	1,347	21.2%
Grants receivable	1,581	557	1,024	183.8%
Passenger facility charges receivable	23,504	18,211	5,293	29.1%
Total current restricted assets	<u>157,719</u>	<u>130,032</u>	<u>27,687</u>	<u>21.3%</u>
Total current assets	<u>318,274</u>	<u>275,515</u>	<u>42,759</u>	<u>15.5%</u>
Noncurrent assets:				
Investments	627,141	650,222	(23,081)	(3.5%)
Long-term receivables, net of current portion	7,092	7,041	51	0.7%
Capital assets (depreciable):				
Buildings and Improvements	5,277,298	5,259,993	17,305	0.3%
Machinery and equipment	868,795	859,589	9,206	1.1%
	<u>6,146,093</u>	<u>6,119,582</u>	<u>26,511</u>	<u>0.4%</u>
Less: accumulated depreciation and amortization	<u>3,202,675</u>	<u>3,076,221</u>	<u>126,454</u>	<u>4.1%</u>
	<u>2,943,418</u>	<u>3,043,361</u>	<u>(99,943)</u>	<u>(3.3%)</u>
Capital assets (non-depreciable):				
Art	6,977	6,841	136	2.0%
Capacity rights	12,400	12,400	-	0.0%
Construction in progress	314,183	180,693	133,490	73.9%
Land, land rights and air rights	295,702	295,302	400	0.1%
Total capital assets	<u>3,572,680</u>	<u>3,538,597</u>	<u>34,083</u>	<u>1.0%</u>
Prepaid bond insurance, net of accumulated amortization	1,505	1,725	(220)	(12.7%)
Interest rate swaps	33,206	33,206	-	0.0%
Investments - restricted	<u>870,513</u>	<u>703,670</u>	<u>166,843</u>	<u>23.7%</u>
Total noncurrent assets	<u>5,112,137</u>	<u>4,934,461</u>	<u>177,676</u>	<u>3.6%</u>
Total assets	<u>5,430,411</u>	<u>5,209,976</u>	<u>220,435</u>	<u>4.2%</u>
Deferred outflows of resources	<u>180,409</u>	<u>197,481</u>	<u>(17,072)</u>	<u>(8.6%)</u>

¹ Accounts receivable net of allowance for doubtful accounts of \$236 and \$2,687, respectively
See accompanying notes to financial statements



Statements of Net Position
September 30, 2017 and December 31, 2016 (\$ in thousands)

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Liabilities				
Current liabilities:				
Unrestricted				
Vouchers payable	\$ 49,991	60,767	\$ (10,776)	(17.7%)
Due to other City agencies	21,441	8,124	13,317	163.9%
Compensated absences payable	2,299	2,299	-	0.0%
Other liabilities	62,719	16,421	46,298	281.9%
Revenue credit payable	30,000	40,000	(10,000)	(25.0%)
Advance rent	40,915	31,730	9,185	28.9%
Total current unrestricted liabilities	<u>207,365</u>	<u>159,341</u>	<u>48,024</u>	<u>30.1%</u>
Restricted				
Vouchers payable	5,047	5,837	(790)	(13.5%)
Retainages payable	9,678	9,670	8	0.1%
Accrued interest and matured coupons	37,475	21,543	15,932	74.0%
Notes payable	3,565	3,552	13	0.4%
Other liabilities	4,502	4,502	-	0.0%
Revenue bonds	170,045	170,045	-	0.0%
Total current restricted liabilities	<u>230,312</u>	<u>215,149</u>	<u>15,163</u>	<u>7.0%</u>
Total current liabilities	<u>437,677</u>	<u>374,490</u>	<u>63,187</u>	<u>16.9%</u>
Noncurrent liabilities:				
Bonds payable:				
Revenue bonds, net of current portion	3,720,850	3,720,850	-	0.0%
Plus: net unamortized premiums	131,256	144,853	(13,597)	(9.4%)
Total bonds payable, noncurrent	<u>3,852,106</u>	<u>3,865,703</u>	<u>(13,597)</u>	<u>(0.4%)</u>
Interest rate swaps	154,486	154,486	-	0.0%
Notes payable	8,667	11,193	(2,526)	(22.6%)
Compensated absences payable	7,204	7,204	-	0.0%
Net pension liability	158,033	158,033	-	0.0%
Total noncurrent liabilities	<u>4,180,496</u>	<u>4,196,619</u>	<u>(16,123)</u>	<u>(0.4%)</u>
Total liabilities	<u>4,618,173</u>	<u>4,571,109</u>	<u>47,064</u>	<u>1.0%</u>
Deferred inflows of resources	<u>1,875</u>	<u>2,207</u>	<u>(332)</u>	<u>(15.0%)</u>
Net Position				
Net investment in capital assets (deficit)	(389,830)	(392,998)	3,168	(0.8%)
Restricted for:				
Capital projects	10,201	10,153	48	0.5%
Debt service	769,689	604,491	165,198	27.3%
Unrestricted	600,712	612,495	(11,783)	(1.9%)
Total net position	<u>\$ 990,772</u>	<u>\$ 834,141</u>	<u>\$ 156,631</u>	<u>18.8%</u>

See accompanying notes to financial statements



Statements of Revenue, Expenses, and Changes in Net Position
September 30, 2017 and 2016 (\$ in thousands)

	Three Months Ended			
	Q3 2017	Q3 2016	\$ Change	% Change
Operating revenues:				
Facility rentals	\$ 47,727	\$ 30,691	\$ 17,036	55.5%
Concession	19,178	18,491	687	3.7%
Parking	44,129	46,253	(2,124)	(4.6%)
Car rental	22,927	21,691	1,236	5.7%
Landing fees	37,617	39,532	(1,915)	(4.8%)
Aviation fuel tax	3,311	5,199	(1,888)	(36.3%)
Hotel	13,052	12,189	863	7.1%
Ground transportation	3,438	2,393	1,045	43.7%
Other sales and charges	3,785	2,575	1,210	47.0%
Total operating revenues	195,164	179,014	16,150	9.0%
Operating expenses:				
Personnel	39,182	38,718	464	1.2%
Contractual services	60,192	50,871	9,321	18.3%
Repair and maintenance projects	5,473	10,507	(5,034)	(47.9%)
Maintenance, supplies and materials	5,264	5,824	(560)	(9.6%)
Hotel	6,982	7,270	(288)	(4.0%)
Total operating expenses, before depreciation and amortization	117,093	113,190	3,903	3.4%
Operating income	78,071	65,824	12,247	18.6%
Depreciation and amortization	43,760	45,294	(1,534)	(3.4%)
Operating income	34,311	20,530	13,781	67.1%
Nonoperating revenues (expenses):				
Passenger facility charges	33,421	31,379	2,042	6.5%
Customer facility charges	6,086	6,093	(7)	(0.1%)
Investment income	7,362	7,572	(210)	(2.8%)
Interest expense	(13,800)	(60,092)	46,292	(77.0%)
Grants	155	-	155	100.0%
Other revenues (expenses)	(955)	11,030	(11,985)	(108.7%)
Total nonoperating revenues (expenses), net	32,269	(4,018)	36,287	(903.1%)
Change in net position before capital grants and contributions	66,580	16,512	50,068	303.2%
Capital grants	7,306	1,791	5,515	307.9%
Change in net position	73,886	18,303	55,583	303.7%
Net position, as of July 1	916,886	773,618		
Net position, as of September 30	990,772	791,921	198,851	25.1%
See accompanying notes to financial statements				



Statements of Revenue, Expenses, and Changes in Net Position
September 30, 2017 and 2016 (\$ in thousands)

	Nine Months Ended			
	2017	2016	\$ Change	% Change
Operating revenues:				
Facility rentals	\$ 144,749	\$ 149,209	\$ (4,460)	(3.0%)
Concession	53,572	48,907	4,665	9.5%
Parking	131,578	134,105	(2,527)	(1.9%)
Car rental	57,123	52,763	4,360	8.3%
Landing fees	119,505	108,793	10,712	9.8%
Aviation fuel tax	15,611	12,171	3,440	28.3%
Hotel	36,533	32,835	3,698	11.3%
Ground transportation	9,635	7,447	2,188	29.4%
Other sales and charges	9,944	7,035	2,909	41.4%
Total operating revenues	<u>578,250</u>	<u>553,265</u>	<u>24,985</u>	<u>4.5%</u>
Operating expenses:				
Personnel	118,284	109,989	8,295	7.5%
Contractual services	157,354	149,960	7,394	4.9%
Repair and maintenance projects	8,918	29,739	(20,821)	(70.0%)
Maintenance, supplies and materials	16,474	18,990	(2,516)	(13.3%)
Hotel	20,607	20,232	375	1.9%
Total operating expenses, before depreciation and amortization	<u>321,637</u>	<u>328,910</u>	<u>(7,273)</u>	<u>(2.2%)</u>
Operating income	256,613	224,355	32,258	14.4%
Depreciation and amortization	<u>132,290</u>	<u>126,984</u>	<u>5,306</u>	<u>4.2%</u>
Operating income	<u>124,323</u>	<u>97,371</u>	<u>26,952</u>	<u>27.7%</u>
Nonoperating revenues (expenses):				
Passenger facility charges	90,589	85,287	5,302	6.2%
Customer facility charges	15,254	14,921	333	2.2%
Investment income	21,980	22,522	(542)	(2.4%)
Interest expense	(122,096)	(164,261)	42,165	(25.7%)
Grants	155	-	155	0.0%
Other revenues (expenses)	1,325	7,634	(6,309)	(82.6%)
Total nonoperating revenues (expenses), net	<u>7,207</u>	<u>(33,897)</u>	<u>41,104</u>	<u>(121.3%)</u>
Change in net position before capital grants and contributions	131,530	63,474	68,056	107.2%
Capital grants	<u>25,101</u>	<u>2,994</u>	<u>22,107</u>	<u>738.4%</u>
Change in net position	<u>156,631</u>	<u>66,468</u>	<u>90,163</u>	<u>135.6%</u>
Net position, beginning of year,	<u>834,141</u>	<u>725,453</u>		
Net position, as of September 30	<u>990,772</u>	<u>791,921</u>	<u>198,851</u>	<u>25.1%</u>
See accompanying notes to financial statements				



Statements of Cash Flows
September 30, 2017 and 2016 (\$ in thousands)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Receipts from customers	\$ 560,080	\$ 547,095
Payments to suppliers	(151,844)	(221,222)
Interfund activity payments to other funds	(12,545)	(12,402)
Payments to employees	(120,392)	(87,406)
Net cash provided by operating activities	<u>275,299</u>	<u>226,065</u>
Cash flows from noncapital financing activities:		
Operating grants received	<u>155</u>	<u>823</u>
Net cash provided by noncapital financing activities	<u>155</u>	<u>823</u>
Cash flows from capital and related financing activities:		
Principal paid on notes payable	(2,513)	(1,064)
Interest paid on revenue bonds	(103,283)	(124,879)
Bond insurance and issue costs paid	163	(7)
Interest paid on notes payable	(206)	(232)
Capital grant receipts	24,077	2,786
Passenger Facility Charges	85,296	70,271
Customer Facility Charges	17,291	13,785
Purchases of capital assets	(152,189)	(111,793)
Payments from accrued expenses for capital assets	(15,345)	(18,482)
Proceeds from sale of capital assets	<u>5,526</u>	<u>462</u>
Net cash provided by (used in) capital and related financing activities	<u>(141,183)</u>	<u>(169,153)</u>
Cash flows from investing activities:		
Purchases of investments	(1,729,154)	(2,371,140)
Proceeds from sales and maturities of investments	1,573,387	2,280,861
Proceeds from sales of assets held for disposition	142	12,343
Payments to maintain assets held for disposal	(233)	(4,250)
Insurance recoveries for Stapleton environmental remediation	-	2,179
Interest and dividends on investments and cash equivalents	<u>26,791</u>	<u>27,179</u>
Net cash used in investing activities	<u>(129,067)</u>	<u>(52,828)</u>
Net increase (decrease) in cash and cash equivalents	5,204	4,906
Cash and cash equivalents, beginning of the year	<u>77,694</u>	<u>78,486</u>
Cash and cash equivalents, end of the year	<u>\$ 82,898</u>	<u>\$ 83,392</u>



Statements of Cash Flows
September 30, 2017 and 2016 (\$ in thousands)

	<u>2017</u>	<u>2016</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 124,324	\$ 97,370
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	132,290	126,984
Miscellaneous income/(Expense)	(3,148)	2,855
Changes in assets and liabilities:		
Receivables, net of allowance	(24,207)	(35,847)
Inventories	346	137
Prepaid expenses and other	(2,329)	(2,827)
Vouchers and other payables	(10,776)	(5,022)
Deferred rent	9,185	(6,829)
Due to other City agencies	13,317	15,224
Other operating liabilities	36,297	34,020
Net cash provided by operating activities	<u>\$ 275,299</u>	<u>\$ 226,065</u>

Noncash activities:

On December 1, 2016, the Airport System issued \$256.8 million of Series 2016A Bonds in a non-AMT fixed rate mode to refund all of the outstanding Series 2006A, 2007B, 2007E Bonds through a negotiated sale with RBC Capital Markets as the lead underwriter. On December 13, 2016, the Airport System issued \$108.7 million of Series 2016B Bonds in a non-AMT index rate mode to refund all of the outstanding Series 2014A Bonds through a negotiated sale with Bank of America Merrill Lynch. Combined, these two transactions will result in a net present value savings of \$41.5 million through 2032.

Unrealized gain (loss) on investments	\$ 22,559	\$ -
Unrealized gain (loss) on derivatives	-	(4,543)
Capital assets added through incurrence of vouchers and retainages payable	14,724	24,849
Amortization of bond premiums, deferred losses on bond refundings, and prepaid bond insurance	3,363	10,460



2017 QUARTERLY FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS





(1) Organization and Reporting Entity

(a) Nature of Operations

Pursuant to Article XX of the State of Colorado Constitution and the City and County of Denver, Colorado (the City) Charter, the City acquired, owns, operates, and maintains certain airport facilities. These facilities include Denver International Airport (the Airport) and certain assets of Stapleton International Airport (Stapleton) and are referred to herein as the City and County of Denver Municipal Airport System (Airport System). The Airport is operated as the Department of Aviation, with a Chief Executive Officer appointed by and reporting to the Mayor.

The Airport consists of a landside terminal building, hotel, and transit center, three airside concourses, six runways, roadways, and ancillary facilities on a 53-square mile site. Stapleton was closed to all air traffic on February 27, 1995. See note 6 for further discussion.

(b) Reporting Entity

The accompanying financial statements present only the Airport enterprise fund and are not intended to present fairly the financial position of the City, the changes in its financial position, or where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Airport is an enterprise fund of the City and, as such, is an integral part of the City. An enterprise fund is established to account for an activity that is financed with debt secured solely by a pledge of net revenues from fees and charges of the activity or when laws and regulations require that the activity's costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges rather than with taxes or similar revenues. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). As an enterprise fund, the Airport uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

(b) Cash and Cash Equivalents

Cash and cash equivalents, which the City primarily manages, consist principally of cash on hand, demand deposits, certificates of deposit, local government investment pools, and state and local government securities with original maturities of less than 90 days. See note 3 for further discussion.

(c) Investments

Investments, which the City manages, are reported at fair value, as defined by Government Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application (GASB 72), which is primarily determined based on significant other observable inputs at September 30, 2017 and December 31, 2016.

(d) Inventories

Inventories consist of materials and supplies which have been valued at the lower of cost (weighted average cost method) or market.



(e) Capital Assets

Capital assets are recorded at historical cost and consist of buildings, roadways, airfield improvements, machinery and equipment, land, and land rights at the Airport. Donated capital assets are reported at their acquisition value. Repairs and maintenance are expensed as incurred, unless they have the effect of improving or extending the life of an asset, in which case they are capitalized as part of the cost of the asset. Costs associated with ongoing construction activities of the Airport are included in construction in progress. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. The capitalized interest incurred for 2016 and 2015 was \$50.9 million and \$47.1 million, respectively.

Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	20 - 40 years
Roadways	30 - 40 years
Runways/taxiways	30 - 40 years
Other improvements	15 - 40 years
Major system equipment	15 - 25 years
Vehicles and other equipment	5 - 10 years

(f) Prepaid Bond Insurance, Deferred Gains (Losses) on Bond Refundings, and Unamortized Premiums (Discounts)

Bond insurance premiums and premiums (discounts) on bonds are recorded as assets or liabilities and amortized over the life of the bonds that were issued using the effective interest method. Unamortized premiums on bonds are recorded as an addition to the face amount of the bonds payable. Gains (losses) on bond refundings are deferred and amortized over the life of the old bonds, or the remaining life of the refunding bonds, whichever is shorter, using the effective interest rate method. Gains (losses) on bond refundings are recorded as deferred inflows or outflows of resources, respectively.

(g) Compensated Absences Payable

Accumulated vested sick and vacation benefits are recorded as an expense and a liability as benefits accrue to employees. The Airport uses the vesting method for estimating sick leave compensated absences payable.

(h) Advance Rent

Advance rent is recorded when rental payments are received by the Airport prior to a legal claim to them. Included in advance rent are customer credits and deposits.

(i) Pensions

For purposes of recording the net pension liability, deferred outflows of resources and deferred inflows of resources relating to pensions and pension expense, information about the fiduciary net position of the

Denver Employees Retirement Plan (DERP) and additions to/reductions from DERP's fiduciary net position have been determined on the same basis as they are reported by DERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



(j) Net Position

2017

The Airport assets exceeded liabilities by \$990.8 million as of September 30, 2017, a \$198.9 million increase in net position from the prior year-end. Of the Airport's 2017 net position, 78.7% are restricted for future debt services and capital construction. The bond reserve account and bond accounts represent \$769.7 million and are externally restricted for debt service. The net position restricted for capital projects represent \$10.2 million.

The remaining net position included unrestricted net position of \$600.7 million which may be used to meet any of the Airport's ongoing operations. Management of the Airport internally designated \$65.8 million of its unrestricted net position amount, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements.

In addition, (\$389.8 million) represents the Airport's net investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

2016

The Airport System assets exceeded liabilities by \$791.9 million as of September 30, 2016, a \$66.5 million increase in net position from the prior year-end. Of the Airport System's 2016 net position, 96% are restricted for future debt services and capital construction. The bond reserve account and bond accounts represent \$711.3 million and are externally restricted for debt service. The net position restricted for capital projects represent \$50.3 million.

The remaining net position included unrestricted net position of \$642.7 million which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated \$65.8 million of its unrestricted net position amount, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$612.4) million represents the Airport System's net investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

(k) Restricted and Unrestricted Resources

Uses of restricted and unrestricted resources are made on a case-by-case basis by management depending on overall requirements. Generally, management applies restricted resources and then unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

(l) Operating Revenues and Expenses

The statement of revenues, expenses, and changes in net position distinguish operating revenues and expenses from non-operating activity and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Airport's principal ongoing operations. The principal operating revenues of the Airport are charges to airline tenants for facility rentals, landing fees and parking. Operating expenses include the cost of providing services, administrative costs, and depreciation on capital assets.

(m) Nonoperating Revenues and Expenses

All revenues and expenses not meeting the above definition of operating revenues and expenses are reported as nonoperating revenues and expenses or capital contributions. Such items include Passenger Facility



Charges (PFCs), Car Rental Customer Facility Fees (CFCs), interest expense, interest income, operating grants from the federal government and Stapleton demolition and remediation expenses.

(n) Governmental Grants

The Airport periodically receives grant revenues from federal agencies which are either for capital projects or operating purposes. Revenue is considered earned as the related approved capital outlays or expenses are incurred by the Airport. Revenues from capital grants are reported as capital contributions on the statements of revenues, expenses, and changes in net position and revenues from operating grants are reported as nonoperating revenues.

(o) Rates and Charges

The Airport establishes annually, as adjusted semi-annually, airline facility rentals, landing fees, and other charges sufficient to recover the costs of operations (excluding certain debt service payments), maintenance, and debt service related to the airfield and the space rented by the airlines. Any differences between amounts collected from and actual costs allocated to the airlines' leased space are credited or billed to the airlines.

50% of Net Revenues (as defined by the bond ordinance) remaining at the end of the year with an annual cap of \$40M are to be credited in the following year to the airline rates and charges. The Net Revenues credited to the airlines totaled \$40M for both 2016 and 2015. Liabilities for these amounts were accrued as of December 31, 2016 and 2015, and are reported in the statements of net position as revenue credit payable.

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.



(3) Interest Income

Investment income earned on the Airport System's pooled cash and investments is allocated to the participating Airport System's funds based upon the average investment balances of each fund. Investment income for September 30, 2017 and 2016, is comprised of interest income on investments of \$22.0 million and \$22.5 million, respectively.

(4) Significant Concentration of Credit Risk

The Airport derives a substantial portion of its operating revenues from airline landing fees and facility rental fees (airline operating revenue). Through September 30, 2017, and for the years ended December 31, 2016 and 2015, United Airlines group represented approximately, 43.4%, 42.9%, and 43.0% of the Airport's airline operating revenue respectively. Southwest Airlines represented 24.3%, 23.3%, and 21.8% in 2017, 2016, and 2015, respectively. Frontier Airlines represented 8.2%, 9.7%, and 10.4% in 2017, 2016, and 2015, respectively. No other airline represented more than 10% of the Airport's airline operating revenues. The Airport requires performance bonds to support airlines and concession accounts receivables.

(5) United Group

The dominant air carrier at the Airport is United Airline's, one of the world's largest airlines. Pursuant to the United Use and Lease Agreement, United currently leases 52 full-service contact gates on Concourse B and 14 ground loading positions. In addition, United together with its United Express commuter affiliates, accounted for 42.2% and 42.0% of enplaned passengers at the Airport as of September 30, 2017 and December 31, 2016, respectively.



(6) Pension Plan

Substantially all of the Airport's employees are covered under the City and County of Denver's pension plan, the Denver Employees Retirement Plan (DERP).

Plan Description. The Denver Employees Retirement Plan (DERP) administers a cost sharing multiple-employer defined benefit plan to eligible members. DERP is administered by the DERP Retirement Board in accordance with sections 18-401 through 18-430.7 of the City's Revised Municipal Code. Amendments to the plan are made by ordinance. These Code sections establish the plan, provide complete information on DERP, and vests the authority for the benefit and contribution provisions with the City Council. The DERP Retirement Board acts as the trustee of the Plan's assets.

The Plan provides retirement, death and disability benefits for its members and their beneficiaries. Members who were hired before July 1, 2011, and retire at or after age 65 (or at age 55 if the sum of their age and credited service is at least 75) are entitled to an annual retirement benefit, in an amount equal to 2.0% of their final average salary for each year of credited service, payable monthly for life. Effective for employees hired after September 1, 2004, the formula multiplier was reduced to 1.5%. Final average salary is based on the member's highest salary during a 36 consecutive month period of credited service. Members with 5 years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

For members who were hired after July 1, 2011, they must be age 60 and have combined credited service of at least 85 in order to receive a normal retirement prior to age 65. Final average salary is based on the member's highest salary during a 60 consecutive month period of credited service. Five year vesting is required of all employees in order to qualify for a benefit, regardless of their age at the time of termination of employment.

Annual cost of living adjustments are granted on an ad hoc basis. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the plan's Board, and enacted into ordinance by Denver City Council.

The Plan is accounted for using the economic resources measurement focus and the accrual basis of accounting. DERP issues a publicly available comprehensive annual financial report that can be obtained at <https://www.derp.org/>

Funding Policy. The City contributes 11.5% of covered payroll and employees make a pre-tax contribution of 8.0% in accordance with Section 18-407 of the Revised Municipal Code of the City. The City's contributions to DERP for the year ended December 31, 2016 and 2015, were \$64.3 million and \$60.2 million, respectively, which equaled the required contributions. The Airport's share of the total contributions is \$9.2 million and \$9.1 million for the year ended December 31, 2016 and 2015, respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2016, the Airport reported a liability of \$158.0 million for its proportionate share of the net pension liability related to DERP. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Airport's proportion of the net pension liability was based on contributions to DERP for the calendar year 2015 relative to the total contributions of participating employers to DERP.

At December 31, 2015, the Airport's proportion was 13.40067%, which was an increase of 0.27064% from its proportion measured as of December 31, 2014.



The components of the Airport's net pension liability related to DERP as of December 31, 2016 and 2015, respectively, are presented below (in thousands):

	December 31 2016	December 31 2015
Total pension liability	\$ 418,766	\$ 384,858
Plan fiduciary net position	260,733	269,858
Net pension liability	<u>\$ 158,033</u>	<u>\$ 115,000</u>

The change in net pension liability for the year ended December 31, 2016 was:

Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>\$ 115,000,000</u>	<u>\$ 52,209,222</u>	<u>\$ 9,176,176</u>	<u>\$ 158,033,046</u>	<u>\$ -</u>

The change in net pension liability for the year ended December 31, 2015 was:

Beginning Balance (As Restated)	Additions	Reductions	Ending Balance	Due Within One Year
<u>\$ 98,437,252</u>	<u>\$ 25,672,177</u>	<u>\$ 9,109,429</u>	<u>\$ 115,000,000</u>	<u>\$ -</u>

For the year ended December 31, 2016 pension expense recognized by the Airport is \$23.6 million. At December 31, 2016, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

Sources	Denver International Airport	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,811	\$ -
Changes of assumptions or other inputs	7,062	-
Net difference between projected and actual earnings on pension plan investments	25,173	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,150	-
Contributions subsequent to the measurement date	9,176	-
Total	<u>\$ 49,372</u>	<u>-</u>



For the year ended December 31, 2015 pension expense recognized by the Airport is \$12.7M. At December 31, 2015, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Sources	Denver International Airport	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 6,068,481	\$ -
Changes in proportion	5,631,126	-
Contributions subsequent to the measurement date	9,109,429	-
Total	\$ 20,809,036	\$ -

As of December 31, 2016, the \$9.2M reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented below:

Year Ended December 31,	Denver International Airport
2017	\$ 13,338,733
2018	12,464,400
2019	9,261,487
2020	5,131,896
2021	-
Thereafter	-
	\$ 40,196,516

The total pension liability in the December 31, 2015 actuarial valuation was determined using the actuarial assumptions as follows:

	DERP
Investment Rate of Return	7.75%
Salary Increases	3.25% to 7.25%
Inflation	2.75%

Mortality rates were based on the RP-2000 Combined Mortality Table via scale AA to 2020, with multipliers specific to gender and payment status of employee.



The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At the time, the recommended mortality table was expected to produce a margin of 8% on the retired male mortality experience and 7% on the retired female experience.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2015 these best estimates are summarized in the following table:

Asset Allocation

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equities	22.50%	4.30%
Non-US Developed Markets	15.50%	6.00%
Emerging Markets	8.00%	9.80%
Total Public Equity	46.00%	
Core Fixed Income	11.50%	0.80%
Debt	2.50%	5.90%
Private Debt	6.50%	8.40%
Total Fixed Income	20.50%	
Real Estate	8.00%	6.40%
Absolute Return	5.00%	3.60%
Energy MLP's	7.00%	7.30%
Private Equity/Other	13.50%	7.70%
Cash	0.00%	0.50%
Total	100.00%	

Discount Rate. A single discount rate of 7.75 % was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. The projection of cash flows used to determine this single rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.75%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage point lower or 1-percentage point higher:



Denver International Airport	1 % Decrease	Current Discount Rate	1% Increase
	6.75%	7.75%	8.75%
Proportionate Share of net pension liability	\$ 202,008,763	\$ 158,033,046	\$ 120,684,577

Pension Plan Fiduciary Net Position: Detailed information about DERP's fiduciary net position is available in DERP's separately issue of financial reports

APPENDIX M

FORM OF BOND COUNSEL OPINION

[Letterhead of Greenberg Traurig, LLP]

_____, 2017

Public Finance Authority, as Issuer Deutsche Bank Trust Company Americas, as Trustee
Madison, Wisconsin New York, New York

Re: \$_____ Public Finance Authority Revenue Bonds (Denver International Airport Great Hall Project), Series 2017

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the \$_____ Public Finance Authority Revenue Bonds (Denver International Airport Great Hall Project), Series 2017 (the “Bonds”), issued by the Public Finance Authority (the “Issuer”). The Bonds are being issued pursuant to: (i) Sections 66.0301 and 66.0303, together with Section 66.0304 of the Wisconsin Statutes (the “Act”), and that certain Amended and Restated Joint Exercise of Powers Agreement dated as of September 28, 2010, among the members of the Issuer (the “JPA”); and (ii) a Trust Indenture dated as of December 1, 2017 (the “Indenture”), by and between Deutsche Bank Trust Company Americas, as bond trustee (the “Trustee”), and the Issuer, to accomplish the public purposes of the Act by providing funds to finance certain costs of the revitalization of the Jeppesen Terminal (the “Project”) at Denver International Airport (the “Airport”) pursuant to that certain Development Agreement dated, as of August 24, 2017 by and between the City and County of Denver (the “City”), through and on behalf of its Department of Aviation (the “Owner”) and Denver Great Hall LLC, a Delaware limited liability company (the “Borrower”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

The Owner will be the owner of the Project and the Borrower has irrevocably elected not to claim depreciation or an investment credit with respect to the Project, which election is recorded in the land records of the City.

The Issuer and the Borrower have entered into a Loan Agreement, dated as of December 1, 2017 (the “Loan Agreement”), whereby the Issuer will loan the proceeds of the Bonds to the Borrower in order to finance a portion of the costs of the Project, to fund the Bond Interest Reserve Sub-Account and to pay costs of issuance of the Bonds.

The payment obligations of the Borrower under the Loan Agreement will be secured pursuant to that certain Collateral Agency Agreement, dated as of December 1, 2017, among the Borrower and Deutsche Bank Trust Company Americas, as Collateral Agent and Securities Intermediary (the “Collateral Agency Agreement”). The Bonds are secured by the Trust Estate.

The Indenture and the Loan Agreement are hereinafter referred to as the “Bond Documents.” The Indenture, the Loan Agreement and the Collateral Agency Agreement are hereinafter referred to collectively as the “Financing Documents.”

The Internal Revenue Code of 1986, as amended (the “Code”) contains various requirements pertaining to the exclusion of interest on bonds from the gross income of the holders thereof including various requirements pertaining to (a) use of the proceeds of the Bonds, (b) the maturity of, and security for, the Bonds, (c) the payment to the United States of certain amounts earned from investment of proceeds of the Bonds, (d) the procedure for issuance of the Bonds, (e) governmental ownership under the safe harbor provided in Section 142(b)(1)(B) of the Code, and (f) filings with the Internal Revenue Service in respect of the Bonds.

The Issuer has covenanted in the Indenture not to knowingly take any action, knowingly fail to take any action or knowingly permit any action to be taken on its behalf or knowingly cause or permit any circumstances within its control to arise or continue, and the Borrower has covenanted in the Financing Documents that it will not take any action, or omit to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, and will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Issuer or the Borrower, or take or omit to take any action, that would cause the Bonds to be arbitrage bonds within the meaning of Section 148(a) of the Code. The Issuer and the Borrower have further covenanted that they will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds, including the requirements of Section 148(f) of the Code which provides for the rebate of certain arbitrage profits to the United States. An officer of the Issuer responsible for issuing the Bonds, a representative of the Borrower and a representative of the Owner have each executed a certificate stating the respective reasonable expectations of the Issuer, the Borrower and the Owner on the date of issuance as to future events, and setting forth certain additional covenants that are material for purposes of the Code pertaining to arbitrage, use of the Bond proceeds, use of the Project and certain other matters. Also, the Issuer will file with the Internal Revenue Service a report of the issuance of the Bonds as required by Section 149(e) of the Code as a condition of the exclusion from gross income of the interest on the Bonds.

In our capacity as Bond Counsel, we have examined such documents, records of the Issuer and other instruments as we deemed necessary to enable us to express the opinions set forth below, including original counterparts or certified copies of each of the Financing Documents, and the other documents listed in the closing index in respect of the Bonds, and the executed Bonds. We assume that each of the Financing Documents has been duly authorized, executed and delivered by the Trustee and the Borrower, as applicable.

Based on the foregoing, it is our opinion that:

1. The Issuer has full power under the Act to enter into, execute, deliver and perform its obligations under, and accept, as applicable, each of the Bond Documents, and to issue, sell and deliver the Bonds.

2. The execution and delivery of the Bond Documents have been duly authorized by all necessary action on the part of the Issuer and the Bond Documents have been duly executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, each such document constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its respective terms, except to the extent the enforceability thereof may be limited by future proceedings under bankruptcy, reorganization, debt arrangement, insolvency, moratorium or other laws of general application or principles of equity relating to or affecting the enforcement of creditors' rights generally. The Issuer has duly assigned, transferred and pledged to the Trustee, to the extent provided in the Indenture, all of its title and interest in and to the Trust Estate established under the Indenture.

3. The issuance and sale of the Bonds have been duly authorized by the Issuer; the Bonds have been duly executed and delivered by the Issuer; and, on the assumption that all Bonds have been authenticated by the Trustee, such Bonds are entitled to the benefit and security of the Indenture and the trust created thereby and are legal, valid and binding obligations of the Issuer enforceable in accordance with their terms, except to the extent the enforceability thereof may be limited by future proceedings under bankruptcy, reorganization, debt arrangement, insolvency, moratorium or other laws of general application or principles of equity relating to or affecting the enforcement of creditors' rights generally.

4. Assuming the accuracy of the certifications of the Issuer, the Borrower and the Owner, and their continued compliance with their respective covenants in certain documents they each have executed in connection with the issuance of the Bonds, as to the requirements of the Code, under existing law as enacted and construed on the date hereof, interest on the Bonds is excludable from gross income for purposes of federal income taxation under existing laws as enacted and construed on the date hereof (except for interest on any Bonds while held by a substantial user of the Project or a related person as defined in Section 147(a) of the Code). Interest on the Bonds will be a preference item for purposes of determining individual and corporate federal alternative minimum tax. Interest on the Bonds held by certain foreign corporations may be subject to the branch profits tax imposed by the Code.

We express no opinion regarding taxation of the Bonds or interest on the Bonds in any state.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S Corporations with “excess net passive income” and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. We express no opinion as to such collateral income tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to such consequences.

We express no opinion in this letter with respect to the adequacy or accuracy of the information in the Official Statement or any other offering document or other information pertaining to the offering for sale of the Bonds.

We call your attention to the fact that the Bonds are special, limited obligations of the Issuer payable only out of payments to be made by the Borrower under the Loan Agreement and from the Trust Estate and certain other moneys available therefor and that the Bonds are not a debt of the State of Wisconsin (“State”) or any other political subdivision of the State, and neither the State nor any other political subdivision of the State will be liable for the payment of the Bonds or of the City. The full faith and credit of the Issuer, the State or any political subdivision of the State or of the City are not pledged to the payment of the principal of or interest on the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion as to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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