

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 18, 2016

NEW ISSUE – Book-Entry Only

**Ratings: Moody's: "Baa2"
Standard & Poor's (Preliminary): "BBB-"
See "RATINGS"**

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2016 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is further of the opinion that to the extent that interest on the Series 2016 Bonds is excludable from gross income for federal income tax purposes, interest on the Series 2016 Bonds is exempt from Colorado income tax. For a more complete description, see the caption "TAX MATTERS" herein.

\$273,910,000*

**DENVER CONVENTION CENTER HOTEL AUTHORITY
CONVENTION CENTER HOTEL
SENIOR REVENUE REFUNDING BONDS
SERIES 2016**

Dated: Date of Delivery

Due: December 1, as shown on the inside cover

The Denver Convention Center Hotel Authority (the "Authority"), a nonprofit corporation organized under the laws of the State of Colorado (the "State"), is issuing its Convention Center Hotel Senior Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bonds"). The Series 2016 Bonds are being issued pursuant to the provisions of an Amended and Restated Indenture of Trust, dated as of November 1, 2016 (the "Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., a national banking association, as trustee (the "Trustee").

The principal of and final installment of interest on the Series 2016 Bonds are payable upon presentation and surrender thereof, and all other interest (due June 1, 2017 and each June 1 and December 1 thereafter) is payable by the Trustee, as paying agent, by check or draft or wire transfer to the registered owners of the Series 2016 Bonds.

The Series 2016 Bonds are issuable in fully registered form and are initially to be registered in the name of Cede & Co., as nominee for The Depository Trust Company, as securities depository for the Series 2016 Bonds, to which payments of principal of and interest are to be made. Purchases by beneficial owners are to be made in book-entry form in the principal amount of \$5,000 or any integral multiple thereof. Beneficial owners are not to receive certificates evidencing their interest in the Series 2016 Bonds. See "THE SERIES 2016 BONDS – Book-Entry Form."

The proceeds of the Series 2016 Bonds, together with other funds, shall be used to (i) refund all of the Denver Convention Center Hotel Authority Convention Center Hotel Senior Revenue Refunding Bonds, Series 2006 (the "Series 2006 Bonds"), (ii) fund a reserve fund for the Series 2016 Bonds, (iii) fund a working capital reserve for the Project (as defined below), and (iv) pay certain costs of issuing the Series 2016 Bonds. See "PLAN OF FINANCING – Sources and Uses of Funds."

The Series 2016 Bonds are subject to optional, extraordinary and mandatory sinking fund redemption as described herein under the caption "THE SERIES 2016 BONDS – Redemption Provisions."

The Series 2016 Bonds are special, limited obligations of the Authority, payable solely from and secured by a first lien (but not necessarily an exclusive first lien) upon the Trust Estate established under the Indenture. See "SECURITY FOR THE SERIES 2016 BONDS – Trust Estate." The Trust Estate is comprised of certain revenues and property pledged by the Authority to the Trustee and certain funds and accounts held by the Trustee under the Indenture. Revenues pledged by the Authority to the Trustee include (i) the revenues derived by the Authority from the operation of the Project, subject only to the payment of certain operation and maintenance expenses and (ii) certain economic development payments made by the City and County of Denver, Colorado (the "City"), which payments are subject to annual appropriation. As additional security for payment of the Series 2016 Bonds, the Authority has granted a lien on, and a security interest in, the site, the hotel and the garage, as described herein (the "Project"), for the benefit of the Trustee pursuant to an Amended and Restated Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of November 1, 2016. See "SECURITY FOR THE SERIES 2016 BONDS – Collateral Security." **The Authority has no taxing power.**

THE SERIES 2016 BONDS DO NOT CONSTITUTE A DEBT, INDEBTEDNESS OR MULTIPLE-FISCAL YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION WHATSOEVER OF THE CITY WITHIN THE MEANING OF ANY PROVISION OR LIMITATION OF THE STATE CONSTITUTION OR STATUTES OR THE HOME RULE CHARTER OR ORDINANCES OF THE CITY AND DO NOT CONSTITUTE OR GIVE RISE TO ANY PECUNIARY OBLIGATION OF THE CITY OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS.

The cover page contains certain information for quick reference only. It is not a summary of this issue. Prospective purchasers are urged to read this Official Statement in its entirety giving particular attention to the matters discussed under "RISK FACTORS."

The Series 2016 Bonds are offered when, as and if issued by the Authority and accepted by the Underwriters, subject to approval of legality and certain other matters by Kutak Rock LLP, Denver, Colorado, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority by Butler Snow LLP, Denver, Colorado, as Special Counsel to the Authority. Certain legal matters will be passed upon for the Authority by Kaplan Kirsch & Rockwell LLP, Denver, Colorado, as General Counsel to the Authority, and certain legal matters will be passed upon for the City by the City Attorney, and for the Underwriters by Ballard Spahr LLP, Denver, Colorado, as Underwriters' Counsel. North Slope Capital Advisors is acting as Municipal Advisor to the Authority. The Series 2016 Bonds are expected to be available for delivery through the facilities of DTC on or about November 8, 2016*.

Piper Jaffray & Co.

Citigroup

Stifel

RBC Capital Markets, LLC

D.A. Davidson & Co.

Harvestons Securities, Inc.

The date of this Official Statement is _____, 2016

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\$273,910,000*
DENVER CONVENTION CENTER HOTEL AUTHORITY
CONVENTION CENTER HOTEL
SENIOR REVENUE REFUNDING BONDS
SERIES 2016
(CUSIP® 6-digit issuer number: _____)

<u>Year</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u> ⁽¹⁾	<u>CUSIP®</u> <u>Number</u> ⁽²⁾	<u>Year</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u> ⁽¹⁾	<u>CUSIP®</u> <u>Number</u> ⁽²⁾
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⁽¹⁾ This information is provided by the Underwriters.

⁽²⁾ The Authority takes no responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of the owners of the Series 2016 Bonds.

* Preliminary, subject to change.

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USE OF THE INFORMATION IN THIS OFFICIAL STATEMENT

No dealer, salesman or other person has been authorized to give any information or to make any representation, other than the information contained in this Official Statement, which includes the cover page, the inside cover page and the Appendices, in connection with the offering of the Series 2016 Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the underwriters listed on the cover hereof (the “Underwriters”) or by the Authority or the City. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder, under any circumstances, creates any implication that there has been no change in the affairs of the Authority, the City or others since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized or in which any person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information contained in this Official Statement has been obtained from the Authority, the City and other sources that are deemed reliable. 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 a part of, their respective responsibilities under the 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, and such information is not to be construed as the promise or guarantee of the Underwriters. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The Trustee assumes no responsibility for this Official Statement and has not reviewed or undertaken to verify any information contained herein.

The order and placement of materials in the Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2016 Bonds is made only by means of this entire Official Statement.

The Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Series 2016 Bonds or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary is a criminal offense.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM (“ORIGINAL BOUND FORMAT”) OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.MUNIOS.COM. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE SERIES 2016 BONDS, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE SERIES 2016 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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The information to be updated may be reported in any format chosen by the Authority; it is not required that the format reflected in this Official Statement be used in future years.

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OFFICIAL STATEMENT

\$273,910,000*

**DENVER CONVENTION CENTER HOTEL AUTHORITY
CONVENTION CENTER HOTEL
SENIOR REVENUE REFUNDING BONDS
SERIES 2016**

INTRODUCTION

This Official Statement provides information in connection with the offering of \$273,910,000* Convention Center Hotel Senior Revenue Refunding Bonds, Series 2016, dated the date of delivery thereof (the “Series 2016 Bonds”), of the Denver Convention Center Hotel Authority (the “Authority”). The Series 2016 Bonds are secured by an Amended and Restated Indenture of Trust, dated as of November 1, 2016 (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., a national banking association, as trustee (the “Trustee”). Unless otherwise defined herein, capitalized terms used herein are defined in Appendix B – “Summary of Amended and Restated Master Glossary of Terms.”

General

The City and County of Denver, Colorado (the “City”), owns the Colorado Convention Center (the “Convention Center”), which is located in downtown Denver, a short distance from many of Denver’s top attractions, including Coors Field, the Pepsi Center, the Denver Performing Arts Complex, Larimer Square, the Pavilions Shopping and Dining Complex, the 16th Street Mall and Denver Union Station, a recently renovated, multi-modal transportation hub and mixed use development (containing approximately 32,000 square feet of retail, restaurant and other public space) a short distance from the Convention Center, which provides train service directly to Denver International Airport. The original Convention Center was completed in April 1990 and cost approximately \$126.2 million. In 1999, the City’s voters approved the issuance of excise tax revenue bonds in the amount of \$261.5 million to expand the Convention Center in order to accommodate larger groups and promote economic development in downtown Denver. The City issued the entire authorized amount of excise tax revenue bonds in 2001 and the expansion, which almost doubled the size of the Convention Center, was completed in December 2004. At the November 2015 election, City voters approved the issuance of bonds or other obligations, a portion of which will be used to finance and defray the costs of constructing, installing and improving the Convention Center. Such Convention Center improvements may include a rooftop flexible space, lobby enhancements, arrival improvements and technological upgrades. The full costs of the improvements to the Convention Center have yet to be determined; however, the City has committed up to \$104 million of the proceeds from the issuance of bonds or other obligations approved at the November 2015 election described above to the Convention Center improvements.

In 2003, the City determined that construction of a new convention center headquarters hotel on a 2.44 acre site (the “Site”) across the street from the Convention Center would result in economic benefits to the City, including improved coordination of event bookings at the Convention Center and the generation of additional tax revenues, employment opportunities and economic activity related to the construction and operation of the hotel. In March 2003, the City Council (the “City Council”) of the City adopted an ordinance (the “Ordinance”) approving the creation of the Authority for the purpose of owning, acquiring, constructing, equipping, operating and financing a convention center headquarters hotel, parking garage and supporting facilities. The Authority is a nonprofit corporation organized under

* Preliminary, subject to change.

the Colorado Revised Non-profit Corporation Act (the “Act”) and the laws of the State of Colorado (the “State”). See “THE PARTICIPANTS – The Authority.”

The Hotel, the Garage and supporting facilities (collectively, the “Project”) were completed and opened on December 20, 2005. See “– Design and Construction of Project” below.

Series 2016 Bonds; Security for the Series 2016 Bonds

Pursuant to the Indenture, the proceeds of the Series 2016 Bonds, together with amounts on deposit in the funds held by the Trustee under the Original Indenture, are to be used to (i) refund all of the Denver Convention Center Hotel Authority Convention Center Hotel Senior Revenue Refunding Bonds, Series 2006 (the “Series 2006 Bonds”), (ii) fund a reserve fund for the Series 2016 Bonds, (iii) fund a working capital reserve for the Project, and (iv) pay certain costs of issuance of the Series 2016 Bonds. See “PLAN OF FINANCING – Sources and Uses of Funds.”

Pursuant to the Ordinance, the City has authorized the Authority to issue refunding bonds without any further action required by the City.

The Series 2016 Bonds are special, limited obligations of the Authority, payable as to principal and interest solely from and secured by a first lien (but not necessarily an exclusive first lien) upon the Trust Estate established under the Indenture. The Trust Estate is comprised of certain revenues and property pledged to the Trustee and certain funds and accounts held by the Trustee under the Indenture. See “SECURITY FOR THE SERIES 2016 BONDS – Trust Estate.”

Revenues pledged by the Authority to the Trustee include the revenues derived by the Authority from the operation of the Project, subject only to the payment of certain operation and maintenance expenses. The Gross Operating Revenues from the Hotel are deposited into a lockbox fund (the “Lockbox Fund”) when received and then distributed to the Trustee after payment of certain operating expenses pursuant to the Indenture and the Cash Management and Lockbox Agreement (the “Cash Management Agreement”) by and among Colorado Business Bank, as depository bank (the “Depository Bank”), the Trustee, the Authority and Hyatt Corporation, as manager of the Hotel and Garage (“Hyatt” or the “Hotel Manager”). See “SECURITY FOR THE SERIES 2016 BONDS – Revenue Security - Cash Management Agreement.” The Lockbox Fund was established pursuant to the terms of the Cash Management Agreement and is maintained by Colorado Business Bank.

Revenues assigned by the Authority to the Trustee also include economic development payments (the “Economic Development Payments”) to be made by the City, which payments are subject to annual appropriation by the City, pursuant to the Denver Convention Center Hotel Economic Development Agreement, as amended (the “Economic Development Agreement”), between the Authority and the City. The City has included an appropriation for the 2016 payment under the Economic Development Agreement of \$10.5 million. The City has included the 2017 payment under the Economic Development Agreement in its 2017 budget. The City’s 2017 budget is expected to be approved by the City Council in November 2016. The 2017 City budget is subject to revision until it is finally adopted by the City Council. The Economic Development Agreement is subject to termination on December 31, 2016, and each year thereafter according to its terms and expires no later than December 31 of the thirty-fifth year after the opening of the Hotel, which is December 31, 2040. The Authority is required to deposit the Economic Development Payments directly with the Trustee. See “SECURITY FOR THE SERIES 2016 BONDS – Revenue Security - Economic Development Payments” and Appendix D – “Conformed Copy of Economic Development Agreement, as Amended.”

As additional security for payment of the Series 2016 Bonds, the Authority is expected to grant a lien on, and a security interest in, the Site, the Hotel, the Garage and all fixtures attached thereto, for the

benefit of the Trustee pursuant to an Amended and Restated Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of November 1, 2016 (the “Deed of Trust”). See “SECURITY FOR THE SERIES 2016 BONDS – Collateral Security.” The Authority has no taxing powers.

THE SERIES 2016 BONDS AND THE ECONOMIC DEVELOPMENT AGREEMENT DO NOT CONSTITUTE A DEBT, INDEBTEDNESS OR MULTIPLE-FISCAL YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION WHATSOEVER OF THE CITY WITHIN THE MEANING OF ANY PROVISION OR LIMITATION OF THE STATE CONSTITUTION OR STATUTES OR THE HOME RULE CHARTER OR ORDINANCES OF THE CITY AND DO NOT CONSTITUTE OR GIVE RISE TO ANY PECUNIARY OBLIGATION OF THE CITY OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS.

Additional Bonds

Under the Indenture, the Authority has the right to issue additional bonds that would be payable on a parity with or subordinate to the Series 2016 Bonds upon satisfaction of certain requirements. See “SECURITY FOR THE SERIES 2016 BONDS – Additional Bonds” and Appendix C – “Form of Indenture.”

Design and Construction of Project

The Hotel is constructed as an offset tower, a portion of which is 37 stories and another portion of which is 26 stories. The Hotel contains approximately 1,123,936 gross square feet, including 1,100 hotel guest rooms, a four-story glass atrium, one 384-seat full-service restaurant, a lobby bar and lounge, a coffee shop, a 6,700 square foot health club with indoor pool and a spa, approximately 60,000 square feet of meeting space (84,000 square feet if the foyers are included as meeting space), 30,000 and 16,000 square foot ballrooms, the Garage (which includes 558 parking spaces below the Hotel to service the needs of the Hotel) and other supporting facilities commensurate with a full-service, first-class, convention-oriented upscale hotel and all finish materials, fixtures, furnishings, equipment and appliances contained in such Hotel and Garage. In addition, in 2013 and 2014, the Hotel underwent a guestroom and meeting room “soft” renovation at a cost of \$23 million. The renovation was funded using available moneys of the Authority. See “CONVENTION CENTER HOTEL AND GARAGE.”

Operation of Hotel and Garage

The Hotel Manager is responsible for the management and operation of the Hotel and Garage pursuant to a Hotel Operating Agreement, dated as of June 1, 2003 (the “Management Agreement”), between the Authority and the Hotel Manager. The Management Agreement is currently set to expire on December 20, 2020. The Authority is currently negotiating with the Hotel Manager to, among other things, extend the term of the Management Agreement until 2035. It is expected that an amendment to the Management Agreement will be in place prior to the closing of the Series 2016 Bonds. As authorized under the Management Agreement, the Hotel Manager has engaged a third party parking manager for management and operation of the Garage. The Denver Metro Convention and Visitors Bureau (the “Convention Bureau”) is permitted to reserve blocks of rooms for patrons of the Convention Center under the terms of a Room Block Agreement, dated as of June 1, 2003, as amended by a First Amendment to Room Block Agreement dated as of January 1, 2011 (together, the “Room Block Agreement”), among the Authority, the Hotel Manager and the Convention Bureau. See “CONVENTION CENTER HOTEL AND GARAGE – Operation of the Hotel and Garage.”

Tax Matters

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, ruling and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2016 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is further of the opinion that to the extent that interest on the Series 2016 Bonds is excludable from gross income for federal income tax purposes, interest on the Series 2016 Bonds is exempt from Colorado income tax. For a more complete description, see the caption “TAX MATTERS” herein.

Continuing Disclosure Undertaking

In connection with the issuance of the Series 2016 Bonds and to assist the Underwriters in complying with Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended, the Continuing Disclosure Undertaking provides a covenant by the Authority that it will provide annually to the Municipal Securities Rulemaking Board acting through its Electronic Municipal Market Access System: certain financial information and operating data with respect to the Authority and the Project and with respect to the City, including audited financial statements for the Authority and for the City; and to provide notice of certain events specified by the Rule. The City has agreed in the Continuing Disclosure Undertaking to provide upon request to the Authority annual financial information and audited financial statements of the City. See “Continuing Disclosure Undertaking” herein. See Appendix G – “Form of Continuing Disclosure Undertaking” for the detailed provisions of the Continuing Disclosure Undertaking.

Independent Auditors

The audited basic financial statements of the Authority for the fiscal year ended December 31, 2015, included in its Official Statement as Appendix I, have been audited by GHP Horwath, P.C., certified public accountants, Denver, Colorado, to the extent and for the period indicated in their report thereon.

The report of GHP Horwath, P.C., included in this Official Statement as Appendix I is related to the Authority’s historical financial statements for the year ended December 31, 2015. GHP Horwath, P.C., has not performed any procedures on any financial statements or other financial information of the Authority, including without limitation any of the information contained in this Official Statement, since the date of its report and GHP Horwath, P.C., should not be considered to be associated with the Official Statement in any manner. See “INDEPENDENT AUDITORS.”

Additional Information

This Official Statement includes financial, demographic and other information about the Authority and the City. Prospective purchasers are urged to read this Official Statement and the appendices hereto in their entirety. This Official Statement also contains descriptions of the Series 2016 Bonds and other documents and information pertaining to the Series 2016 Bonds. Certain market studies, financial projections and economic and demographic information prepared by HVS Consulting & Valuation, a division of TS Worldwide, LLC (the “Hotel Market Consultant”), appear in Appendix A – “Hotel Market Consultant’s Report.” Summaries of certain documents prepared in connection with the financing, development and operation of the Project are set forth in Appendix B – “Summary of Amended and Restated Master Glossary of Terms” and Appendix E – “Summary of Certain Provisions of Management Agreement, as expected to be amended.” The conformed copy of the Indenture appears in Appendix C – “Form of Indenture” and the conformed copy of the Economic Development Agreement

between the City and the Authority appears in Appendix D – “Conformed Copy of Economic Development, as Amended.” The form of an undertaking by the Authority to provide continuing disclosures (the “Continuing Disclosure Undertaking”) relating to certain information contained in this Official Statement appears in Appendix G – “Form of Continuing Disclosure Undertaking.” Such descriptions and information are qualified in their entirety by reference to the originals of the documents described therein, copies of which are available during the initial offering of the Series 2016 Bonds from Peter Phillippi, Managing Director, Piper Jaffray & Co., at peter.j.phillippi@pjc.com.

Investment Considerations

The purchase and ownership of the Series 2016 Bonds involve investment risk. Prospective purchasers of the Series 2016 Bonds are urged to read this Official Statement (including the Appendices hereto) in its entirety. For a discussion of certain risks relating to the Series 2016 Bonds, see “RISK FACTORS.”

THE SERIES 2016 BONDS

Authorization

The Series 2016 Bonds are issued pursuant to a resolution adopted by the Board of Directors of the Authority on October 17, 2016. The Series 2016 Bonds are issued under and secured by the Indenture and additionally secured by the Deed of Trust.

Description

The Series 2016 Bonds are dated, mature and bear interest and are subject to other terms and conditions as described on the inside cover page hereof.

The Series 2016 Bonds are initially to be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, as securities depository for the Series 2016 Bonds (the “Security Depository”). Purchases by beneficial owners of the Series 2016 Bonds (the “Beneficial Owners”) are to be made in book-entry form only in the principal amount of \$5,000 or any integral multiple thereof. See “– Book-Entry Form” below.

See Appendix C – “Form of Indenture” for certain provisions contained in the Indenture, including without limitation, the provisions related to the issuance of Additional Bonds and extraordinary mandatory redemption of the Series 2016 Bonds, certain agreements of the Authority, the responsibilities of the Trustee, the rights and remedies of the Trustee (or, in certain circumstances, the registered owners of a majority in aggregate principal amount of outstanding Series 2016 Bonds) upon an Event of Default under the Indenture, provisions relating to amendments of the Indenture and procedures for defeasance of the Series 2016 Bonds.

Redemption Provisions

*Optional Redemption**

The Series 2016 Bonds maturing on and after December 1, _____ are subject to redemption at the option of the Authority, in whole or in part, on any date on or after December 1, _____, from any legally available funds, at a Redemption Price equal to the principal amount of Series 2016 Bonds called for redemption, without premium, plus accrued interest with respect thereto to the date fixed for redemption.

* Preliminary, subject to change.

In the case of such optional redemption, an Authorized Authority Representative is to give written notice to the Trustee of its election or direction so to redeem, of the Redemption Date and the principal amounts of the Series 2016 Bonds of each maturity to be redeemed. If at the time of mailing of notice of redemption, there has not been deposited with the Trustee moneys sufficient to redeem all the Series 2016 Bonds called for redemption, which moneys are or will be available for redemption of Series 2016 Bonds, such notice is to state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice will be of no effect unless such moneys are so deposited.

*Mandatory Sinking Fund Redemption**

The Series 2016 Bonds maturing on December 1, _____ are subject to mandatory redemption, at a Redemption Price equal to the principal amount of the Series 2016 Bonds maturing on December 1, _____, being redeemed, together with accrued interest thereon to the Redemption Date, pursuant to Sinking Fund Installments on December 1 in each of the years and principal amounts set forth in the table below, except that the Sinking Fund Installments of Series 2016 Bonds maturing on December 1, _____, are to be reduced in the manner determined by the Authority by the principal amount of any Series 2016 Bonds maturing on December 1, _____, redeemed pursuant to any other optional or mandatory redemption or purchase provision on or before the date on which any such Sinking Fund Installment is due:

<u>Year</u>	<u>Sinking Fund Installment</u>

_____ (1)	

(1) Final Maturity.

Extraordinary Mandatory Redemption

The Series 2016 Bonds are subject to extraordinary mandatory redemption at the direction of the Authority, in whole or in part on the earliest date following the date for which notice of redemption can be given as provided in the Indenture, at a price equal to the principal amount of Series 2016 Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium, from proceeds of insurance (including any title insurance), or condemnation awards permitted or required to be applied to such redemption under the Indenture. See Appendix C – “Form of Indenture – Extraordinary Mandatory Redemption from Proceeds of Insurance or Condemnation Award.”

Selection of Series 2016 Bonds for Option Redemption

The Series 2016 Bonds subject to optional redemption are to be selected in such order of maturity as the Authority may direct. If less than all of the Series 2016 Bonds of a single maturity and interest rate are to be redeemed, the Series 2016 Bonds to be redeemed are to be selected by lot or other random method by the Trustee in such a manner as the Trustee may determine unless otherwise provided by the Supplemental Indenture authorizing that Series of Additional Bonds; provided, however, that the portion of any Series 2016 Bond of a denomination greater than the minimum Authorized Denomination for the Series 2016 Bonds to be redeemed are to be redeemed in part only in Authorized Denominations and that, in selecting portions of Series 2016 Bonds for redemption, the Trustee is to treat each Series 2016 Bond as representing that number of Series 2016 Bonds of the minimum Authorized Denomination which is obtained by dividing the principal amount of such Series 2016 Bond to be redeemed in part by the

* Preliminary, subject to change.

minimum Authorized Denomination. In the case of any partial redemption during the continuance of an Event of Default under the Indenture, such redemption is to be made on a pro rata basis of all outstanding Series 2016 Bonds called for redemption, without differentiation by maturity or within a maturity.

Selection of Series 2016 Bonds Subject to Mandatory Redemption

Whenever by the terms of the Indenture the Trustee is required or authorized to redeem Series 2016 Bonds otherwise than at the option of the Authority, the Trustee is to select the Series 2016 Bonds to be redeemed, give the notice of redemption and pay, out of moneys available therefor, the redemption price thereof, plus interest accrued and unpaid to the redemption date, to the registered owners of Series 2016 Bonds to be redeemed in accordance with the terms of the Indenture.

Notice of Redemption

Notice of mandatory and optional redemption of Series 2016 Bonds is to be given in accordance with the Indenture. When the Trustee has received notice from the Authority of its election or direction to redeem Series 2016 Bonds, and when redemption of Series 2016 Bonds is authorized or required otherwise than at the option of the Authority, the Trustee is required to give notice, in the name of the Authority, of the redemption of such Series 2016 Bonds, which notice is to specify the maturities and interest rates of the Series 2016 Bonds to be redeemed, the Redemption Date and the place or places where amounts due upon such Redemption Date will be payable and, if less than all of the Series 2016 Bonds of any maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2016 Bonds so to be redeemed, and, in the case of Series 2016 Bonds to be redeemed in part only, such notices are to also specify the respective portions of the principal amounts thereof to be redeemed. Such notice is to further state that on such Redemption Date there shall become due and payable upon each Series 2016 Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof, in the case of Series 2016 Bonds to be redeemed in part only, together with interest accrued to the Redemption Date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice of redemption may also be a conditional notice as provided in the Indenture. The Trustee is required to mail a copy of such notice, first-class mail postage prepaid, not less than 20 days or more than 40 days before the Redemption Date, to the Registered Owners of any Series 2016 Bonds, or portions of registered Series 2016 Bonds that are to be redeemed, at their last addresses, if any, appearing upon the Register maintained by the Trustee as Registrar for the Series 2016 Bonds.

In addition to the notice of redemption required pursuant to the preceding paragraph, if any of the Series 2016 Bonds are to be redeemed, then, upon the written request of an Authorized Authority Representative, received at least 40 days before the date fixed for redemption, the Trustee is required to also give redemption notice at least 20 days before the date fixed for redemption, by (i) registered or certified mail, return receipt requested, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Securities Depositories and/or Information Services specified by the Authority.

Failure to give the notices described in the Indenture, or any defects therein, does not in any manner affect the validity of any proceedings for redemption of any other Series 2016 Bonds for which such notice has been duly given. Neither the Authority nor the Trustee will have any responsibility for any defect in the CUSIP number that appears on any Series 2016 Bonds or in any redemption notice with respect thereto.

Payment of Redeemed Series 2016 Bonds

Notice having been given in the manner provided in the Indenture, the Series 2016 Bonds or portions thereof so called for redemption are to become due and payable on the Redemption Date so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date, upon representation and surrender thereof at the office specified in such notice. If there are called for redemption less than all of the principal of any Series 2016 Bond, the Authority is to execute and the Trustee or the authenticating agent is to authenticate, upon the surrender of such Series 2016 Bond, without charge to the registered owner thereof, for the unredeemed balance of the principal amount of the Series 2016 Bond so surrendered, Series 2016 Bonds of like maturity and interest rate in any Authorized Denomination. If, on the Redemption Date, moneys for the redemption of all the Series 2016 Bonds or portions thereof of any maturity and interest rate to be redeemed, together with interest to the Redemption Date, is held by the Trustee so as to be available therefor on said date and, if notice of redemption has been given as required, then, from and after the Redemption Date interest on the Series 2016 Bonds or portions thereof of such maturity and interest rate so called for redemption are to cease to accrue and become payable. If said moneys are not so available on the Redemption Date, such Series 2016 Bonds or portions thereof are to continue to bear interest until paid at the same rate as they would be borne interest at had they not be called for redemption.

Purchase of Series 2016 Bonds by the Authority

In lieu of depositing cash with the Trustee as a payment with respect to any Series 2016 Bonds of any maturity, the Authority shall have the option to tender to the Trustee for cancellation at least 45 days prior to the maturity date or a sinking fund redemption date applicable to such Series 2016 Bonds any amount of Series 2016 Bonds of such maturity and interest rate purchased by the Authority, which Series 2016 Bonds may be purchased by or upon the direction of the Authority at public or private sale as and when and at such prices which reflect the current market price thereof, plus accrued interest thereon, as the Authority may in its discretion determine from moneys held by the Trustee hereunder that are available for such purpose. The par amount of any Term Bonds of a maturity and interest rate so purchased by or upon the direction of the Authority and tendered to the Trustee in any 12-month period ending on October 1 in any calendar year shall be credited towards and shall reduce the next mandatory sinking fund payments required to be made with respect to Term Bonds of such maturity and interest rate in the order in which they are required to be made pursuant to the Indenture.

Payment and Registration

The Series 2016 Bonds are issuable in fully registered form and upon initial execution, authentication and delivery, the ownership of the Series 2016 Bonds are to be registered in the name of Cede & Co., as nominee of DTC, as Securities Depository for the Series 2016 Bonds. Purchases by Beneficial Owners of the Series 2016 Bonds are to be made in book-entry form in the principal amount of \$5,000 or any integral multiple thereof. Subject to the provisions described under the caption "Book-Entry Only System" in Appendix J hereto, principal, premium, if any, and final installment of interest on the Series 2016 Bonds are payable upon presentation and surrender thereof to, and all other interest is payable by, the Trustee, as Paying Agent, by check or draft mailed to the registered owners at the addresses appearing on the Register maintained by the Registrar, at the close of business on the fifteenth day of the calendar month (whether or not a business day) preceding the interest payment date (the "Record Date") or by wire transfer to registered owners of \$1,000,000 or more in aggregate principal amount of Series 2016 Bonds at such wire transfer address in the United States as such registered owners specify in writing to the Trustee prior to the Record Date. The amount of interest paid is computed on the basis of a 360-day year consisting of twelve 30-day months. Payments to Beneficial Owners are to be made as described in Appendix J hereto.

Neither the Authority nor the Trustee has any responsibility or obligation for the payment to Beneficial Owners of the principal, premium, if any, or interest on the Series 2016 Bonds.

Neither the Authority nor the Trustee, as the Registrar, has any responsibility or obligation with respect to the accuracy of the records of the Securities Depository or its participants (“Participants”) regarding any ownership interest in the Series 2016 Bonds or the delivery to any Participant, Beneficial Owner or entity (other than the registered owners of the Series 2016 Bonds) of any notice with respect to the Series 2006 Bonds.

Transfer and Exchange

The Series 2016 Bonds are transferable only upon the Register, which is to be kept at the office of the Registrar, by the registered owner thereof, in person or by the registered owner’s attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or the registered owner’s duly authorized attorney.

The Registrar is required to keep, or cause to be kept, on behalf of the Authority at the designated office of the Registrar, the Register, in which, subject to such reasonable regulations as the Authority, the Trustee, and the Registrar may prescribe, the Registrar is to cause Series 2016 Bonds to be registered and transferred as provided in the Indenture. The Register is to contain the name and address of the registered owner of each Series 2016 Bond as well as the name and address of each Beneficial Owner to the extent such Beneficial Owner provides such information to the Registrar. Upon the transfer of any such Series 2016 Bond and payment of any required fees, the Registrar is required to deliver in the name of the transferee a new fully registered Series 2016 Bond or Series 2016 Bonds of the same aggregate principal amount, maturity and interest rate as the surrendered Series 2016 Bond or Series 2016 Bonds and only in Authorized Denominations. Transfers by Beneficial Owners are to be made as described in Appendix J “Book-Entry Only System.”

The Authority and any fiduciary, including the Trustee, may deem and treat the person in whose name any Series 2016 Bond is registered in the Register as the absolute owner of such Series 2016 Bond, whether such Series 2016 Bond shall be overdue or not, or the purpose of receiving payment of, or on account of, the principal and redemption price of and interest on such Series 2016 Bond and for all other purposes, and all such payments so made to any such registered owner or upon the registered owner’s order will be valid and effectual to satisfy and discharge the liability upon such Series 2016 Bond to the extent of the sum or sums so paid, and the Authority and any fiduciary, including the Trustee, will not be affected by any notice to the contrary.

None of the Authority, the Trustee or the Registrar has any responsibility or obligation with respect to the accuracy of the records of the Securities Depository or its Participants regarding any ownership interest in the Series 2016 Bonds or transfers thereof.

Book-Entry Form

The Bonds will be available only in book-entry form in the principal amount of \$5,000 and any integral multiples of \$5,000 in excess thereof. DTC will act as the initial securities depository for the Bonds. The ownership of one fully registered Bond for each maturity, as set forth on the inside cover page of this Official Statement, in the aggregate principal amount of such maturity coming due thereon, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix J – “Book-Entry Only System.”

SO LONG AS CEDE & CO, AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

Neither the Authority nor the Trustee will have any responsibility or obligation to DTC's Direct Participants or Indirect Participants (defined herein), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the Bonds as further described in Appendix J to this Official Statement.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor security depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this Official Statement concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility to the accuracy thereof.

THE AUTHORITY, THE CITY, THE UNDERWRITERS AND THE TRUSTEE SHALL HAVE NO RESPONSIBILITY OR OBLIGATION WITH RESPECT TO THE ACCURACY OF THE RECORDS OF DTC, CEDE & CO. OR ANY DTC PARTICIPANT WITH RESPECT TO ANY OWNERSHIP INTEREST IN THE SERIES 2016 BONDS, THE DELIVERY TO ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OR ANY OTHER PERSON, OTHER THAN CEDE & CO., AS NOMINEE OF DTC, AS SHOWN ON THE BOND REGISTER, OF ANY NOTICE WITH RESPECT TO THE SERIES 2016 BONDS, INCLUDING ANY NOTICE OF REDEMPTION, THE PAYMENT TO ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OR ANY OTHER PERSON, OTHER THAN CEDE & CO., AS NOMINEE OF DTC, AS SHOWN ON THE BOND REGISTER, OF ANY AMOUNT WITH RESPECT TO PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2016 BONDS OR ANY CONSENT GIVEN BY CEDE & CO., AS NOMINEE OF DTC. SO LONG AS CERTIFICATES FOR THE SERIES 2016 BONDS ARE NOT ISSUED PURSUANT TO THE INDENTURE AND THE SERIES 2016 BONDS ARE REGISTERED TO DTC, THE CITY, THE AUTHORITY, AND THE TRUSTEE SHALL TREAT DTC OR ANY SUCCESSOR SECURITIES DEPOSITORY AS, AND DEEM DTC OR ANY SUCCESSOR SECURITIES DEPOSITORY TO BE, THE ABSOLUTE OWNER OF THE SERIES 2016 BONDS FOR ALL PURPOSES WHATSOEVER, INCLUDING WITHOUT LIMITATION (1) THE PAYMENT OF PRINCIPAL AND INTEREST ON THE SERIES 2016 BONDS, (2) GIVING NOTICE OF REDEMPTION AND OTHER MATTERS WITH RESPECT TO THE SERIES 2016 BONDS, (3) REGISTERING TRANSFERS WITH RESPECT TO THE SERIES 2016 BONDS AND (4) THE SELECTION OF SERIES 2016 BONDS FOR REDEMPTION.

FORWARD LOOKING STATEMENTS

This Official Statement, and particularly the information contained under the captions "HOTEL MARKET CONSULTANT'S REPORT," "CASH FLOW PROJECTIONS," "SECURITY FOR THE SERIES 2016 BONDS – Revenue Security - Economic Development Payments" and "RISK FACTORS," contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast" "intend," "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. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences

may be material. For a discussion of certain of such risks and possible variations in results, see “RISK FACTORS.”

PLAN OF FINANCING

Refunding Plan

A portion of the proceeds of the Series 2016 Bonds, together with certain other funds held by the Trustee, will be used to current refund all of the Series 2006 Bonds currently outstanding in the aggregate principal amount of \$324,195,000⁽¹⁾. All of the outstanding Series 2006 Bonds will be paid and cancelled on the Closing Date.

Sources and Uses of Funds

It is estimated that the sources and uses of funds in connection with the issuance of the Series 2016 Bonds will be as follows:

Sources and Uses of Funds^{*}

SOURCES OF FUNDS

Par amount of Bonds	\$
Other Funds of the Authority	
Transfer of Senior Special Debt Service Reserve Fund	
Transfer of Operating Reserve Fund	
Plus/Less original issue premium/discount	
Total	\$

USES OF FUNDS

Deposit to Redemption Fund for Series 2006 Bonds	\$
Senior Debt Service Reserve Fund	
Operating Reserve Fund	
Cost of Issuance	
Total	\$

^{*} Preliminary, subject to change.

At Closing, approximately \$1,553,286^{*} on deposit in the subordinate FF&E/CapEx reserve fund held under the Original Indenture will be transferred to the Subordinate FF&E/CapEx Reserve Fund; approximately \$7,880,797^{*} currently in the cash trap fund of the Original Indenture, will be transferred to the Primary Cash Trap Fund; approximately \$5,000,000^{*} on deposit in the operating reserve fund under the Original Indenture will be transferred to the Operating Reserve Fund; amounts on deposit in the senior FF&E reserve fund and senior capex reserve fund held under the Original Indenture, in the approximate amount of \$1,368,093^{*} and \$8,530,374^{*}, respectively, will be transferred to the Senior FF&E/CapEx Reserve Fund and amounts on deposit in the authority fund under the Original Indenture in the approximate amount of \$4,034,939^{*} will be transferred to the Authority Fund.

⁽¹⁾ It is anticipated that approximately \$5,280,000 of outstanding Series 2006 Bonds will be redeemed in accordance with the provisions of the Original Indenture on November 1, 2016.

^{*} Preliminary, subject to change.

Debt Service Requirements*

Following their issuance, the Series 2016 Bonds will constitute the only outstanding debt of the Authority. The annual debt service requirements of the Series 2016 Bonds (as estimated by the Underwriters) to maturity are as follows:

<u>Year</u>	<u>Principal of the Series 2016 Bonds</u>	<u>Interest on the Series 2016 Bonds*</u>	<u>Debt Service Requirements of the Series 2016 Bonds</u>
12/01/2017	-	\$ 14,533,041	\$ 14,533,041
12/01/2018	-	13,660,300	13,660,300
12/01/2019	\$ 805,000	13,660,300	14,465,300
12/01/2020	1,165,000	13,628,100	14,793,100
12/01/2021	1,550,000	13,581,500	15,131,500
12/01/2022	8,855,000	13,519,500	22,374,500
12/01/2023	9,295,000	13,076,750	22,371,750
12/01/2024	9,760,000	12,612,000	22,372,000
12/01/2025	10,250,000	12,124,000	22,374,000
12/01/2026	10,760,000	11,611,500	22,371,500
12/01/2027	11,300,000	11,073,500	22,373,500
12/01/2028	11,865,000	10,508,500	22,373,500
12/01/2029	12,460,000	9,915,250	22,375,250
12/01/2030	13,080,000	9,292,250	22,372,250
12/01/2031	13,735,000	8,638,250	22,373,250
12/01/2032	14,425,000	7,951,500	22,376,500
12/01/2033	15,145,000	7,230,250	22,375,250
12/01/2034	15,900,000	6,473,000	22,373,000
12/01/2035	16,695,000	5,678,000	22,373,000
12/01/2036	17,530,000	4,843,250	22,373,250
12/01/2037	18,405,000	3,966,750	22,371,750
12/01/2038	19,325,000	3,046,500	22,371,500
12/01/2039	20,295,000	2,080,250	22,375,250
12/01/2040	21,310,000	1,065,500	22,375,500
Total	\$ 273,910,000	\$ 223,769,741	\$ 497,679,741

* Calculated at a rate assumed by the Underwriters.

HOTEL MARKET CONSULTANT'S REPORT

In connection with the issuance of the Series 2016 Bonds, HVS Consulting & Valuation, a division of TS Worldwide, LLC, (as previously defined, the "Hotel Market Consultant"), prepared a Market Study Report, dated September 22, 2016 (the "Market Study Report") which is included herein as Appendix A – "Hotel Market Consultant's Report."

Set forth on the following pages are financial data taken from or based upon the income forecasts contained in the Market Study Report attached as part of Appendix A – "Hotel Market Consultant's Report" and the requirements of the Indenture. Investors considering purchase of the Series 2016 Bonds are urged to review carefully the Market Study Report in its entirety. Although the Hotel Market Consultant believes the assumptions underlying the forecasts included in the Market Study Report are reasonable, investors are cautioned that there may be differences between the forecasted and actual results. There are a number of factors which may cause actual results to vary materially from forecasts. See "RISK FACTORS" and "FORWARD LOOKING STATEMENTS."

* Preliminary, subject to change.

The objective of the Market Study Report is to evaluate the supply and demand factors affecting the current competitive market for hotel accommodations in the Denver area for the purpose of developing a forecast of income and expenses for the Project. The Market Study Report presents a forecast of income and expenses for the Project from January 1, 2016 through December 31, 2025 (the “Forecast Period”), including the assumptions upon which the forecasts are based. In the Market Study Report projections are made for twelve month periods ending December 31 (a “Projection Year”) within the Forecast Period.

Significant assumptions made in the Market Study Report include, but are not limited to, (1) that the Hotel will be managed by a professional hotel-operating company throughout the holding period and continued operation of the Hotel by the Hotel Manager and retention of its current brand affiliation, (2) an ongoing preventative maintenance program and appropriate management and ownership oversight, (3) the continued addition of supply in the Denver market as well as increased convention hotel competition on a regional level, and (4) appropriate efforts by the Convention Bureau to market the City, the expanded Convention Center and the Hotel to potential meeting planners. The Market Study Report should be read in its entirety for an understanding of the forecasts and all of the underlying assumptions contained therein. See “FORWARD LOOKING STATEMENTS.”

The following table summarizes the Hotel Market Consultant’s forecast of the occupancy levels, average rates and net income for the Hotel during the Forecast Period. Since all forecasts are based on estimates and assumptions which are inherently subject to uncertainty and variations depending on future events, there are likely to be differences between the forecast and actual results and the differences may be material. See “FORWARD LOOKING STATEMENTS.”

Projection <u>Year</u>	Occupancy <u>Level</u>	Average <u>Rate</u>	<u>RevPAR</u> ¹
2016	74%	\$194.40	\$143.86
2017	75	199.26	149.45
2018	73	201.26	146.92
2019	74	203.27	150.42
2020	74	209.37	154.93
2021	74	215.65	159.58

¹Revenue per available room.

Source: The Market Study Report.

HISTORY OF PROJECT CASH FLOWS

The following table sets forth a history of project cash flows for the past 5 calendar years as provided by the Authority. Investors should be aware that collection of revenue, or components thereof, may not continue at the levels shown below and the coverage factors in future years may not remain at the historic levels indicated.

History of Project Cash Flows 2011-2015

Hotel Fiscal Year Ending,	2011	2012	2013	2014	2015
OPERATING HISTORY					
Occupancy	74.00%	74.20%	72.80%	75.10%	75.20%
Average Daily Rate	\$ 169.92	\$ 168.80	\$ 164.41	\$ 183.16	\$ 187.83
TOTAL NET REVENUES					
Economic Development Payments ⁽¹⁾	\$ 8,750,000	\$ 9,250,000	\$ 9,000,000	\$ 9,500,000	\$ 10,000,000
Transfer from Senior Special Debt Service Revenue Fund ⁽²⁾	535,000	535,000	535,000	0	535,000
Net Income ⁽³⁾	26,895,445	28,255,761	25,398,433	30,112,472	30,977,165
Other Investment Earnings ⁽⁴⁾	24,653	25,303	13,442	8,835	14,188
Less: Administrative Expenses	-626,000	-813,399	-784,550	-856,550	-928,896
NET REVENUES AVAILABLE FOR SR. BONDS	\$ 35,579,098	\$ 37,252,665	\$ 34,162,325	\$ 38,764,757	\$ 40,597,457
CASH FLOW EXPENDITURES					
Senior Bond Debt Service	\$ 20,565,533	\$ 21,127,244	\$ 21,433,568	\$ 21,770,175	\$ 22,095,306
Less: Senior Bond Capitalization/DSRF Earnings	-42,496	-42,496	-19,713	-14,681	-14,746
SENIOR BOND NET DEBT SERVICE	\$ 20,523,037	\$ 21,084,748	\$ 21,413,855	\$ 21,755,494	\$ 22,080,560
Senior FF&E Cap/Ex Reserve Deposits	3,285,460	3,319,273	3,222,715	3,599,580	3,746,924
CASH FLOW REMAINING	\$ 11,770,601	\$ 12,848,646	\$ 9,525,755	\$ 13,409,683	\$ 14,769,973
Deposit to Authority Fund	\$ 500,000	\$ 500,000	\$ 500,000	\$ 0	\$ 500,000
Deposit to SR. Special DSRF ⁽⁵⁾	8,750,000	9,250,000	9,000,000	9,500,000	10,000,000
Subordinate Management Fee	704,099	729,436	744,238	764,553	785,782
Subordinate FF&E/CapEx Reserve Deposits	1,602,156	1,659,636	1,611,357	1,799,790	1,875,492
Supersubordinate Management Fee	704,099	729,436	744,238	764,553	785,782
DEPOSIT TO CASH TRAP FUND	\$ -489,753	\$ -19,863	\$ -3,074,078	\$ 580,787	\$ 822,917
APPLICATION OF DEPOSIT TO CASH TRAP					
Deposit retained in Cash Trap Fund	\$ 255,995	\$ -19,863	\$ -3,074,078	\$ 580,786	\$ 822,917
Deposit to Redemption Fund	0	0	0	0	0
Transfer to Excess Revenue Fund	0	0	0	0	0
TOTAL DISTRIBUTIONS	\$ 255,995	\$ -19,863	\$ -3,074,078	\$ 580,786	\$ 822,917
COVERAGE RATIOS					
Senior Net Debt Service ⁽⁶⁾	1.74	1.77	1.60	1.78	1.84
RESERVE FUND BALANCES					
Operating Reserve Fund Balance	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Cash Trap Fund Balance	10,689,762	10,669,888	7,595,810	8,176,595	9,001,540
Lockbox Fund	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Redemption Fund Balance	5,280,837	5,280,837	5,280,837	5,280,837	5,280,837
Total Reserve Fund Balance	\$ 26,970,599	\$ 26,950,725	\$ 23,876,647	\$ 24,457,432	\$ 25,282,377
BOND FUNDED DEBT SERVICE RESERVES					
Senior Debt Service Reserve Fund	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000
TOTAL RESERVE FUND BALANCE	\$ 49,470,599	\$ 49,450,725	\$ 46,376,647	\$ 46,957,432	\$ 47,782,376
SENIOR SPECIAL DSRF BALANCE					
Deposit to Senior Special Reserve Fund	8,750,000	9,250,000	9,000,000	9,500,000	10,000,000
ACCRUED SR. SPECIAL DSRF BALANCE	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000
PRINCIPAL BALANCE					
Outstanding Senior Bonds	\$ 348,562,000	\$ 344,701,000	\$ 346,039,000	\$ 340,708,000	\$ 334,799,000

(1) See "SECURITY FOR THE SERIES 2016 BONDS – Economic Development Payments."

(2) Under the previous indenture, only available if Senior Coverage Requirement in the preceding operating year is greater than 1.50 times.

(3) Calculated on a Cash Basis.

(4) Actual amounts provided by Trustee. This is the total interest and profits transferred to the Available Revenue Fund from the Funds and Accounts.

(5) Under the previous indenture, all monies in excess of \$12.0 million were transferred from the Senior Special Debt Service Reserve Fund to the Excess Revenue Fund.

(6) Equal to Net Revenue available for Senior Bonds divided by Senior Bond Net Debt Service.

Source: The Authority

CASH FLOW PROJECTIONS

The following table has been compiled by Piper Jaffray & Co. and summarizes the total net revenue projections provided by the Hotel Market Consultant, the Economic Development Payments to be made by the City pursuant to the Economic Development Agreement, the estimated annual debt service requirements for the Series 2016 Bonds, the projected debt service coverage for the Series 2016 Bonds, and projected balances of certain funds held by the Trustee. The “EBITDA” figures in such table are based on data provided by the Hotel Market Consultant in figure 1-4 of the Market Study Report appended hereto as Appendix A.

The table details the projected accumulation of revenues into the various funds, in accordance with the priority of deposits set forth in the Indenture. See “SECURITY FOR THE SERIES 2016 BONDS – Trust Funds; Flow of Funds” and “FORWARD LOOKING STATEMENTS.”

Project Cash Flow Summary*
(Dollars in Thousands)

Hotel Operating Year Ending,	2017	2018	2019	2020	2021	2022	2023
OPERATING SUMMARY							
Occupancy	75.0%	73.0%	74.0%	74.0%	74.0%	74.0%	74.0%
Average Daily Rate	\$199.26	\$201.26	\$203.27	\$209.37	\$215.65	\$222.12	\$228.78
TOTAL NET REVENUES							
Economic Development Payments ⁽¹⁾	10,750	11,000	11,000	11,000	11,000	11,000	11,000
EBITDA ⁽²⁾	34,186	32,852	33,962	34,982	36,032	37,114	38,226
Other Investment Earnings ⁽³⁾	4	9	13	17	21	26	27
Less: Administrative Expenses	(966)	(986)	(1,005)	(1,026)	(1,046)	(1,067)	(1,088)
NET REVENUES AVAILABLE FOR SR. BONDS	43,974	42,875	43,970	44,973	46,007	47,073	48,164
CASH FLOW EXPENDITURES							
Senior Bond Debt Service	14,533	13,660	14,465	14,793	15,132	22,375	22,372
Less: DSRF Earnings	--	--	--	--	--	--	--
SENIOR BOND NET DEBT SERVICE	14,533	13,660	14,465	14,793	15,132	22,375	22,372
Senior FF&E/Cap Ex Reserve Deposits	3,853	3,840	3,968	4,087	4,209	4,335	4,465
CASH FLOW REMAINING	25,588	25,375	25,537	26,094	26,666	20,363	21,327
Deposit to Authority Fund	--	--	--	--	--	--	--
Deposit to City Repayment	10,750	11,000	11,000	11,000	11,000	11,000	11,000
Subordinate Management Fee ⁽⁴⁾	963	960	992	1,022	1,052	1,084	1,116
Subordinate FF&E/CapEx Reserve Deposits	4,816	4,800	4,959	5,108	5,262	5,419	5,582
Supersubordinate Management Fee ⁽⁵⁾	963	960	992	1,022	1,052	1,084	1,116
DEPOSIT TO CASH TRAP FUND	8,095	7,655	7,594	7,942	8,300	1,776	2,512
APPLICATION OF DEPOSIT TO CASH TRAP							
Deposit Retained in Primary Cash Trap Fund	1,530	--	--	--	--	--	--
Deposit to Secondary Cash Trap Fund	7,047	8,135	8,090	8,453	8,826	2,318	1,535
Transfer to Excess Revenue Fund	--	--	--	--	--	--	1,535
TOTAL DISTRIBUTIONS	8,577	8,135	8,090	8,453	8,826	2,318	3,071
COVERAGE RATIO							
Senior Net Debt Service ⁽⁶⁾	3.03	3.14	3.04	3.04	3.04	2.10	2.15
RESERVE FUND BALANCES							
Operating Reserve Fund Balance	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Primary Cash Trap Fund Balance	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Lockbox Fund	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Secondary Cash Trap Fund Balance	7,047	15,182	23,272	31,725	40,551	42,869	44,404
Total Reserve Fund Balances	22,547	30,682	38,772	47,225	56,051	58,369	59,904
BOND FUNDED DEBT SERVICE RESERVES							
Senior Debt Service Reserve Fund	22,377	22,377	22,377	22,377	22,377	22,377	22,377
TOTAL RESERVE FUND BALANCE	44,923	53,058	61,148	69,601	78,427	80,745	82,281
PRINCIPAL BALANCE							
Outstanding Senior Bonds	273,910	273,910	273,105	271,940	270,390	261,535	252,240

⁽¹⁾ See "SECURITY FOR THE SERIES 2016 BONDS - Economic Development Payments."

⁽²⁾ EBITDA provided by the Hotel Market Consultant for the years 2017 through 2025 and 2% per annum growth thereafter.

⁽³⁾ Investment earnings on the Operating Reserve Fund are not available to pay Administrative Expenses.

⁽⁴⁾ Assumes 1.00% of Total Revenues.

⁽⁵⁾ Assumes 1.00% of Total Revenues.

⁽⁶⁾ Equal to Net Revenues Available for Senior Bonds divided by Senior Bond Net Debt Service.

* Preliminary, subject to change.

Hotel Operating Year Ending,	2024	2025	2026	2027	2028	2029	2030
OPERATING SUMMARY							
Occupancy	74.0%	74.0%	74.0%	74.0%	74.0%	74.0%	74.0%
Average Daily Rate	\$235.64	\$242.71	\$247.57	\$252.52	\$257.57	\$262.72	\$267.98
TOTAL NET REVENUES							
Economic Development Payments ⁽¹⁾	11,000	11,000	11,000	11,000	11,000	11,000	11,000
EBITDA ⁽²⁾	39,372	40,554	41,365	42,192	43,036	43,897	44,775
Other Investment Earnings ⁽³⁾	27	28	30	31	32	34	36
Less: Administrative Expenses	(1,110)	(1,132)	(1,155)	(1,178)	(1,202)	(1,226)	(1,250)
NET REVENUES AVAILABLE FOR SR. BONDS	49,290	50,450	51,240	52,045	52,867	53,705	54,560
CASH FLOW EXPENDITURES							
Senior Bond Debt Service	22,372	22,374	22,372	22,374	22,374	22,375	22,372
Less: DSRF Earnings	--	--	--	--	--	--	--
SENIOR BOND NET DEBT SERVICE	22,372	22,374	22,372	22,374	22,374	22,375	22,372
Senior FF&E/Cap Ex Reserve Deposits	4,599	4,737	4,832	4,929	5,027	5,128	5,231
CASH FLOW REMAINING	22,318	23,339	24,036	24,743	25,466	26,202	26,958
Deposit to Authority Fund	--	--	--	--	--	--	--
Deposit to City Repayment	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Subordinate Management Fee ⁽⁴⁾	1,150	1,184	1,208	1,232	1,257	1,282	1,308
Subordinate FF&E/CapEx Reserve Deposits	5,749	5,922	6,040	6,161	6,284	6,410	6,538
Supersubordinate Management Fee ⁽⁵⁾	1,150	1,184	1,208	1,232	1,257	1,282	1,308
DEPOSIT TO CASH TRAP FUND	3,269	4,048	4,579	5,117	5,668	6,228	6,804
APPLICATION OF DEPOSIT TO CASH TRAP							
Deposit Retained in Primary Cash Trap Fund	--	--	--	--	--	--	--
Deposit to Secondary Cash Trap Fund	1,922	2,320	2,592	2,617	3,148	3,434	3,729
Transfer to Excess Revenue Fund	1,922	2,320	2,592	2,617	3,148	3,434	3,729
TOTAL DISTRIBUTIONS	3,844	4,640	5,183	5,233	6,296	6,869	7,458
COVERAGE RATIO							
Senior Net Debt Service ⁽⁶⁾	2.20	2.25	2.29	2.33	2.36	2.40	2.44
RESERVE FUND BALANCES							
Operating Reserve Fund Balance	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Primary Cash Trap Fund Balance	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Lockbox Fund	1,500	1,500	1,500	2,000	2,000	2,000	2,000
Secondary Cash Trap Fund Balance	46,326	48,646	51,238	53,855	57,003	60,437	64,166
Total Reserve Fund Balances	61,826	64,146	66,738	69,855	73,003	76,437	80,166
BOND FUNDED DEBT SERVICE RESERVES							
Senior Debt Service Reserve Fund	22,377	22,377	22,377	22,377	22,377	22,377	22,377
TOTAL RESERVE FUND BALANCE	84,203	86,523	89,114	92,231	95,379	98,814	102,543
PRINCIPAL BALANCE							
Outstanding Senior Bonds	242,480	232,230	221,470	210,170	198,305	185,845	172,765

⁽¹⁾ See "SECURITY FOR THE SERIES 2016 BONDS - Economic Development Payments."

⁽²⁾ EBITDA provided by the Hotel Market Consultant for the years 2017 through 2025 and 2% per annum growth thereafter.

⁽³⁾ Investment earnings on the Operating Reserve Fund are not available to pay Administrative Expenses.

⁽⁴⁾ Assumes 1.00% of Total Revenues.

⁽⁵⁾ Assumes 1.00% of Total Revenues.

⁽⁶⁾ Equal to Net Revenues Available for Senior Bonds divided by Senior Bond Net Debt Service.

Hotel Operating Year Ending,	2031	2032	2033	2034	2035	2036	2037
OPERATING SUMMARY							
Occupancy	74.0%	74.0%	74.0%	74.0%	74.0%	74.0%	74.0%
Average Daily Rate	\$273.34	\$278.80	\$284.38	\$290.07	\$295.87	\$301.79	\$307.82
TOTAL NET REVENUES							
Economic Development Payments ⁽¹⁾	11,000	11,000	11,000	11,000	11,000	11,000	11,000
EBITDA ⁽²⁾	45,670	46,584	47,515	48,466	49,435	50,424	51,432
Other Investment Earnings ⁽³⁾	38	40	42	44	47	49	52
Less: Administrative Expenses	(1,275)	(1,301)	(1,327)	(1,353)	(1,380)	(1,408)	(1,436)
NET REVENUES AVAILABLE FOR SR. BONDS	55,433	56,323	57,230	58,157	59,101	60,065	61,048
CASH FLOW EXPENDITURES							
Senior Bond Debt Service	22,373	22,377	22,375	22,373	22,373	22,373	22,372
Less: DSRF Earnings	--	--	--	--	--	--	--
SENIOR BOND NET DEBT SERVICE	22,373	22,377	22,375	22,373	22,373	22,373	22,372
Senior FF&E/Cap Ex Reserve Deposits	5,335	5,442	5,551	5,662	5,775	5,890	6,008
CASH FLOW REMAINING	27,724	28,504	29,304	30,122	30,953	31,801	32,668
Deposit to Authority Fund	--	--	--	--	--	--	--
Deposit to City Repayment	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Subordinate Management Fee ⁽⁴⁾	1,334	1,360	1,388	1,415	1,444	1,473	1,502
Subordinate FF&E/CapEx Reserve Deposits	6,669	6,802	6,938	7,077	7,219	7,363	7,510
Supersubordinate Management Fee ⁽⁵⁾	1,334	1,360	1,388	1,415	1,444	1,473	1,502
DEPOSIT TO CASH TRAP FUND	7,388	7,981	8,591	9,214	9,847	10,493	11,154
APPLICATION OF DEPOSIT TO CASH TRAP							
Deposit Retained in Primary Cash Trap Fund	--	--	--	--	--	--	--
Deposit to Secondary Cash Trap Fund	4,027	4,331	4,642	4,961	5,284	5,615	5,952
Transfer to Excess Revenue Fund	4,027	4,331	4,642	4,961	5,284	5,615	5,952
TOTAL DISTRIBUTIONS	8,055	8,661	9,285	9,921	10,569	11,229	11,905
COVERAGE RATIO							
Senior Net Debt Service ⁽⁶⁾	2.48	2.52	2.56	2.60	2.64	2.68	2.73
RESERVE FUND BALANCES							
Operating Reserve Fund Balance	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Primary Cash Trap Fund Balance	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Lockbox Fund	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Secondary Cash Trap Fund Balance	68,193	72,524	77,166	82,127	87,411	93,026	98,978
Total Reserve Fund Balances	84,193	88,524	93,166	98,127	103,411	109,026	114,978
BOND FUNDED DEBT SERVICE RESERVES							
Senior Debt Service Reserve Fund	22,377	22,377	22,377	22,377	22,377	22,377	22,377
TOTAL RESERVE FUND BALANCE	106,570	110,900	115,543	120,503	125,788	131,403	137,355
PRINCIPAL BALANCE							
Outstanding Senior Bonds	159,030	144,605	129,460	113,560	96,865	79,335	60,930

⁽¹⁾ See "SECURITY FOR THE SERIES 2016 BONDS - Economic Development Payments."

⁽²⁾ EBITDA provided by the Hotel Market Consultant for the years 2017 through 2025 and 2% per annum growth thereafter.

⁽³⁾ Investment earnings on the Operating Reserve Fund are not available to pay Administrative Expenses.

⁽⁴⁾ Assumes 1.00% of Total Revenues.

⁽⁵⁾ Assumes 1.00% of Total Revenues.

⁽⁶⁾ Equal to Net Revenues Available for Senior Bonds divided by Senior Bond Net Debt Service.

Hotel Operating Year Ending,	2038	2039	2040
OPERATING SUMMARY			
Occupancy	74.0%	74.0%	74.0%
Average Daily Rate	\$313.98	\$320.26	\$326.66
TOTAL NET REVENUES			
Economic Development Payments ⁽¹⁾	11,000	11,000	11,000
EBITDA ⁽²⁾	52,461	53,510	54,580
Other Investment Earnings ⁽³⁾	55	58	61
Less: Administrative Expenses	(1,465)	(1,494)	(1,524)
NET REVENUES AVAILABLE FOR SR. BONDS	62,051	63,074	64,118
CASH FLOW EXPENDITURES			
Senior Bond Debt Service	22,372	22,375	--
Less: DSRF Earnings	--	--	--
SENIOR BOND NET DEBT SERVICE	22,372	22,375	--
Senior FF&E/Cap Ex Reserve Deposits	6,128	6,251	6,376
CASH FLOW REMAINING	33,551	34,448	57,742
Deposit to Authority Fund	--	--	--
Deposit to City Repayment	11,000	11,000	11,000
Subordinate Management Fee ⁽⁴⁾	1,532	1,563	1,594
Subordinate FF&E/CapEx Reserve Deposits	7,661	7,814	7,970
Supersubordinate Management Fee ⁽⁵⁾	1,532	1,563	1,594
DEPOSIT TO CASH TRAP FUND	11,826	12,509	35,584
APPLICATION OF DEPOSIT TO CASH TRAP			
Deposit Retained in Primary Cash Trap Fund	--	--	--
Deposit to Secondary Cash Trap Fund	6,296	6,645	18,190
Transfer to Excess Revenue Fund	6,296	6,645	18,190
TOTAL DISTRIBUTIONS	12,592	13,290	36,381
COVERAGE RATIO			
Senior Net Debt Service ⁽⁶⁾	2.77	2.82	0.00
RESERVE FUND BALANCES			
Operating Reserve Fund Balance	5,000	5,000	5,000
Primary Cash Trap Fund Balance	9,000	9,000	9,000
Lockbox Fund	2,000	2,000	2,000
Secondary Cash Trap Fund Balance	105,275	111,920	130,110
Total Reserve Fund Balances	121,275	127,920	146,110
BOND FUNDED DEBT SERVICE RESERVES			
Senior Debt Service Reserve Fund	22,377	22,377	--
TOTAL RESERVE FUND BALANCE	143,651	150,296	146,110
PRINCIPAL BALANCE			
Outstanding Senior Bonds	41,605	21,310	--

⁽¹⁾ See "SECURITY FOR THE SERIES 2016 BONDS - Economic Development Payments."

⁽²⁾ EBITDA provided by the Hotel Market Consultant for the years 2017 through 2025 and 2% per annum growth thereafter.

⁽³⁾ Investment earnings on the Operating Reserve Fund are not available to pay Administrative Expenses.

⁽⁴⁾ Assumes 1.00% of Total Revenues.

⁽⁵⁾ Assumes 1.00% of Total Revenues.

⁽⁶⁾ Equal to Net Revenues Available for Senior Bonds divided by Senior Bond Net Debt Service.

SECURITY FOR THE SERIES 2016 BONDS

Special, Limited Obligations of the Authority

The Series 2016 Bonds are special, limited obligations of the Authority, payable solely from the Trust Estate as described in the Indenture. See “– Trust Estate” below. Also see Appendix C – “Form of Indenture.”

THE SERIES 2016 BONDS DO NOT CONSTITUTE A DEBT, INDEBTEDNESS OR MULTIPLE-FISCAL YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION WHATSOEVER OF THE CITY WITHIN THE MEANING OF ANY PROVISION OR LIMITATION OF THE STATE CONSTITUTION OR STATUTES OR THE HOME RULE CHARTER OR ORDINANCES OF THE CITY AND SHALL NOT CONSTITUTE OR GIVE RISE TO ANY PECUNIARY OBLIGATION OF THE CITY OR CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS.

Trust Estate

The Trust Estate, as described in the Indenture, consists of the following revenues and funds: (i) all Gross Operating Revenue and investment earnings thereon deposited in the Lockbox Fund held by the Depository Bank as provided in the Cash Management Agreement, subject to the rights of the Authority and the Hotel Manager to use such amounts as permitted in the Management Agreement, the Cash Management Agreement and the Indenture; (ii) all amounts and investment earnings in the Funds (except the Excess Revenue Fund, the Authority Fund and the Rebate Fund) held by the Trustee as provided in the Indenture; (iii) all rents and revenues derived from the Project and the Transaction Documents and all Gross Revenues, subject to the rights of the Authority and the Hotel Manager to use such amounts as provided in the Management Agreement, the Cash Management Agreement and the Indenture; and (iv) all other amounts transferred, assigned, endorsed, deposited, pledged, granted or delivered to or with the Trustee by or on behalf of the Authority (including Economic Development Payments) as additional security under the Indenture or possessed or controlled by the Trustee, the Depository Bank or any receiver appointed under the Indenture as additional security, insurance policies and condemnation awards. See “– Revenue Security” below.

The Trust Estate, as described in the Indenture, also consists of the following assets: (i) the Authority’s right, title and interest in and to the Project and the Transaction Documents, subject to the rights of the Authority and the Hotel Manager to use such property as provided in the Management Agreement, the Cash Management Agreement and the Indenture; and (ii) all other property owned by the Authority or sold, transferred, conveyed, hypothecated, mortgaged, granted or delivered to the Trustee by or on behalf of the Authority as additional security under the Indenture or possessed or controlled by the Trustee, the Depository Bank or any receiver appointed under the Indenture as additional security, and insurance policies. See “– Collateral Security” below.

Revenue Security

General

Gross Operating Revenue means all revenue and income derived from operations at the Project, including rentals or other payments from licensees, lessees or concessionaires of retail space in the Project, but not including Excluded Taxes and Other Charges, Pass Through Costs, receipts from the sale or financing of capital assets not in the ordinary course of business, income derived from securities and other investment property, condemnation awards or receipts, insurance proceeds, proceeds of financing, rebates, discounts (except credit card discounts) or credits, consideration received for accommodations,

goods and services provided at other hotels arranged by, for or on behalf of the Hotel Manager, gratuities collected for Hotel Personnel, initial operating funds, working capital loans and other fund provided by the Authority to the Hotel Manager, income or proceeds from operations unrelated to the Project, the value of complimentary rooms, goods and services and refunds or credits to Hotel guests or customers for lost or damaged items.

Gross Revenues means Gross Operating Revenue plus the following: receipts from the sale or financing of capital assets not in the ordinary course of business, condemnation awards or receipts, insurance proceeds, proceeds of financing, initial operating funds, working capital loans and other funds provided by the Authority to the Hotel Manager, income or proceeds unrelated to the Project and room reservation deposits received by the Hotel Manager before the opening of the Hotel.

Cash Management Agreement

Pursuant to the Indenture, the Authority and the Trustee established a Lockbox Fund. The Lockbox Fund was established under the Cash Management Agreement and is maintained at all times throughout the term of the Indenture. The Indenture sets forth certain requirements in respect of the maintenance of the Lockbox Fund and the Cash Management Agreement. The Cash Management Agreement was executed by the Authority, the Trustee, the Hotel Manager and the Depository Bank. The Cash Management Agreement and all subsequent Cash Management Agreements are to be executed by the Authority, the Trustee, the then current Hotel Manager and the selected Depository Bank in substantially this form. The provisions of the Cash Management Agreement set forth herein are the final terms of the Cash Management Agreement. However, any subsequent Cash Management Agreement may vary from such form so long as the terms thereof are not inconsistent with the terms of the Indenture. The Cash Management is expected to be amended in connection with the issuance of the Series 2016 Bonds, in order to make various changes necessitated by the amendment of the Management Agreement. See also Appendix C – “Form of Indenture.”

Under the Cash Management Agreement, the Hotel Manager is required to instruct, in writing, all credit card companies and all Persons (i) that maintain open accounts with the Hotel Manager, (ii) from whom the Hotel Manager receives payments of accounts receivable and (iii) who are tenants under any Occupancy Agreements, to transfer or deliver payments constituting Gross Operating Revenues, Excluded Taxes and Other Charges and Pass Through Costs when due to a Clearing Bank Account or the Lockbox Fund or to the Hotel Manager for deposit therein. The Authority and the Hotel Manager each agree to deposit promptly in a Clearing Bank Account or the Lockbox Fund any Gross Operating Revenues, Excluded Taxes and Other Charges and Pass Through Costs it may receive from any third party, except that the Hotel Manager may retain the Petty Cash Amount on the Hotel premises.

The Cash Management Agreement authorizes the Depository Bank to make periodic disbursements from the Lockbox Fund to the Hotel Manager in amounts requested by the Hotel Manager or to honor checks or drafts of the Hotel Manager against the Lockbox Fund for amounts due and owing on Short Term Indebtedness and Operating Expenses including, without limitations, the Base Management Fee, and against the Excluded Taxes and Pass Through Cost Fund or, to the extent provided in the Cash Management Agreement, the Lockbox Fund for amounts due and owing on Excluded Taxes and Other Charges and Pass Through Costs. If an event of default by the Hotel Manager has occurred and is continuing under the Management Agreement, but the Management Agreement has not been terminated, disbursements from the Lockbox Fund to the Hotel Manager for unbudgeted Operating Expenses require the written consent of the Asset Manager and the Authority.

Economic Development Payments

The Economic Development Agreement (i) requires the Authority to enter into the Room Block Agreement and enforce the same against the Hotel Manager, (ii) requires the Authority to make Payments in Lieu of Taxes to the City prior to the payment of debt service on any senior indebtedness of the Authority, including the Series 2016 Bonds, (iii) grants to the City the option to purchase the Hotel for a purchase option price equal to the amount necessary to pay or defease the Series 2016 Bonds, (iv) requires the Authority to, among other things, require the Hotel Manager to operate the Hotel in accordance with law and City ordinances, (v) grants to the City the right to approve any manager of the Hotel (other than Hyatt) and (vi) acknowledges numerous other economic benefits to the City from the construction and operation of the Hotel.

In consideration of these benefits the City has agreed, subject to annual appropriation, to make the following Economic Development Payments.

<u>On or Before the</u> <u>14th Day Prior to Following Date</u>	<u>Amount</u>
December 1, 2016	\$ 5,250,000*
June 1, 2017	5,375,000
December 1, 2017	5,375,000
Each December 1 and June 1 through 2040 ⁽¹⁾	5,500,000

* \$5,250,000 of this payment is expected to be returned to the City on or before December 15, 2016.

(1) Subject to annual appropriation by the City.

The City has included an appropriation for the 2016 payment under the Economic Development Agreement of \$10.5 million. It is anticipated that at the Closing for the Series 2016 Bonds, \$5.250 million will be transferred from the Senior Special Debt Service Reserve Fund under the prior indenture to the Excess Revenue Fund and an equal amount is currently projected to be deposited in the Excess Revenue Fund on December 1, 2016, after receipt of such amount from the City. If such amounts are deposited into the Excess Revenue Fund, \$10.5 million will be distributed back to the City on or before December 15, 2016.

The City has included the 2017 payment under the Economic Development Agreement in its 2017 budget. The City's 2017 budget is expected to be approved by the City Council in November 2016. The 2017 City budget is still subject to revision until it is finally adopted by the City Council.

The Economic Development Agreement is subject to termination on December 31, 2016 and each December 31 thereafter according to its term and expires no later than December 31 of the thirty-fifth calendar year after the opening of the Hotel. Upon a failure of the City to appropriate sufficient moneys to make the Economic Development Payments in any fiscal year, the Authority may terminate the Economic Development Agreement.

The Economic Development Payments from the City to the Authority under the Economic Development Agreement are assigned by the Authority to the Trustee and constitute a part of the Trust Estate. See "– Trust Funds; Flow of Funds" below.

THE OBLIGATION OF THE CITY TO MAKE SUCH ECONOMIC DEVELOPMENT PAYMENTS IS SUBJECT TO ANNUAL APPROPRIATION BY THE CITY. THE CITY IS NOT OBLIGATED TO MAKE SUCH ECONOMIC DEVELOPMENT PAYMENTS BEYOND THE YEAR FOR WHICH SUCH AN APPROPRIATION HAS BEEN MADE.

THE ECONOMIC DEVELOPMENT AGREEMENT DOES NOT CONSTITUTE A DEBT, INDEBTEDNESS OR MULTIPLE-FISCAL YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION OF THE CITY WITHIN THE MEANING OF ANY PROVISION OR LIMITATION OF THE STATE CONSTITUTION OR STATUTES OR THE HOME RULE CHARTER OR ORDINANCES OF THE CITY AND DOES NOT CONSTITUTE OR GIVE RISE TO ANY PECUNIARY OBLIGATION OF THE CITY OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS.

See Appendix D – “Conformed Copy of Economic Development Agreement, as Amended.”
Also see “RISK FACTORS – Economic Development Payments Subject to Annual Appropriation.”

The City has adopted an ordinance that creates a special revenue fund (the “Special Revenue Fund”) to account for moneys received from any City use tax revenues derived from the construction and operation of the Project and any City sales tax revenues derived from the construction and operation of the Project and not previously pledged by the City for debt service on other City obligations, as set forth in the City’s fund plan; any lodger’s taxes derived from the operation of the Project and not previously pledged by the City for debt service on other City obligations or pledged for payment to the Convention Marketing and Tourism Promotion Project in the City’s General Government Special Revenue Fund; any payment in lieu of property taxes made by the Authority to the City pursuant to any contract between the Authority and the City; any City property tax revenues derived from assessment of the real and personal property owned by the Authority, if and to the extent the Authority is ever deemed to be subject to taxation; and any interest earned on any of such revenues by the City. The ordinance states that the Special Revenue Fund is created for the purpose of making payments by the City to the Authority pursuant to a contract for economic development services to be provided by the Authority on behalf of the City (which would include the Economic Development Agreement); and, to the extent moneys in the Special Revenue Fund are not needed for the foregoing purpose, payments by the City to Denver Public Schools pursuant to any contract for payment in lieu of taxes between the City and Denver Public Schools attributable to the land upon which the Project is located. The ordinance also states that all expenditures from the Special Revenue Fund must be authorized by an annual appropriation ordinance. Although the City anticipates that it will use moneys in the Special Revenue Fund to make Economic Development Payments that are appropriated annually, the obligation of the City to make Economic Development Payments is subject to annual appropriation in the sole discretion of the City; moneys in the Special Revenue Fund are not pledged to the payment of Economic Development Payments; and the City, at any time, may amend or repeal the ordinance creating the Special Revenue Fund.

The City anticipates that deposits to the Special Revenue Fund, together with certain Excess Revenues to be paid by the Authority to the City, will provide enough money in each year to allow the entire amount of each Economic Development Payment to be appropriated by the City. However, the City may appropriate moneys to make Economic Development Payments under the Economic Development Agreement from any source, including moneys not deposited in the Special Revenue Fund or derived from Excess Revenues. Once an Economic Development Payment has been appropriated, the Authority may enforce the City’s obligation to deposit such Economic Development Payment with the Trustee.

For more information on the City’s taxes described above see the City’s 2016 disclosure statement as posted by the Authority on EMMA with respect to the Series 2006 Bonds, www.emma.msrb.org.

Trust Funds; Flow of Funds

As further described in Appendix C – “Form of Indenture,” the Indenture provides for the maintenance by the Trustee of the following funds pledged to the payment of the Series 2016 Bonds and

for the application of moneys for the following purposes in the following order of priority, subject to the following provisions:

Available Revenue Fund

Moneys distributed to the Trustee by the Depository Bank from the Lockbox Fund pursuant to the Cash Management Agreement and the Economic Development Payments received by the Trustee from the City are to be deposited in the Available Revenue Fund and allocated by the Trustee to the funds, accounts and purposes described below in the following order of priority:

Taxes and Insurance Fund

Moneys are to be deposited in the Taxes and Insurance Fund until the amount on deposit therein equals the Taxes and Insurance Set Aside Amount accrued but not paid through the preceding month.

Administrative Expense Fund

Moneys are to be deposited in the Administrative Expense Fund until the amount on deposit therein equals the Administrative Expenses then due and owing or anticipated to be due and owing (the reasonable fees and expenses of the Authority and the Trustee directly related to the Project, paid as provided in the Indenture and limited as provided in the applicable Operating Plan and Budget).

Senior Debt Service Account of the Debt Service Fund

Until the next interest payment is on deposit and during the months of December through May, one-half of the next Principal Installment to become due and payable within the next twelve months on each Series of Outstanding Senior Bonds, and commencing June 1, 20__ during the months of June through November, one-half of the next Principal Installment is on deposit for the Senior Bonds, including the Series 2016 Bonds, moneys are to be deposited in the Senior Debt Service Account of the Debt Service Fund. See “Amounts Transferred to Senior Debt Service Account” below.

Senior FF&E/CapEx Reserve Fund

Moneys are to be deposited in the Senior FF&E/CapEx Reserve Fund until the amount on deposit therein equals the Senior FF&E/CapEx Set Aside Amount (defined as 4% of Gross Operating Revenue) accrued but not paid through the preceding month.

Rebate Fund

Moneys sufficient to pay required deposit for arbitrage rebate payments to the federal government are to be deposited in the Rebate Fund (which is not a part of the Trust Estate).

Senior Debt Service Reserve Fund

If the Senior Debt Service Reserve Fund has been drawn on such that the balance is less than the Senior Reserve Fund Requirement, moneys are to be deposited in the Senior Debt Service Reserve Fund until the amount on deposit therein equals the Senior Reserve Fund Requirement. See “– Senior Debt Service Reserve Fund” below.

Operating Reserve Fund

If the Operating Reserve Fund has been drawn on such that the balance is less than the Operating Reserve Requirement, moneys are to be deposited in the Operating Reserve Fund until the amount on deposit therein equals the Operating Reserve Requirement (an amount equal to \$5,000,000).

Subordinate Debt Service Account of the Debt Service Fund

The interest due and payable on the next Interest Payment Date and commencing on the first Business Day of the month which is twelve months prior to the first Principal Payment Date, one-half of the next Principal Installment to become due and payable within the next twelve months on each Series of Outstanding Subordinate Bonds and commencing on the first Business Day of the month which is six months prior to the first Principal Payment Date, one-half of the principal due on the Subordinate Bonds on the next payment date (and an amount equal to any shortfall from a prior month or due to any investment loss to the extent not made up from another source) are to be deposited in the Subordinate Debt Service Account of the Debt Service Fund.

City Repayment Fund

An amount equal to the portion of Economic Development Payments received by the Trustee and deposited into the Available Revenue Fund which remain after making the deposits, transfers or payments described above.

Loan Repayments

Moneys sufficient to repay any loans made to the Authority, as authorized by the Indenture, for the purpose of making any of the foregoing payments.

Subordinate Management Fee Fund

Moneys are to be deposited in the Subordinate Management Fee Fund until the amount on deposit therein equals the Subordinate Management Fee (as described in the Management Agreement) accrued but not paid through the preceding month.

Subordinate FF&E/CapEx Reserve Fund

Moneys are to be deposited in the Subordinate FF&E/CapEx Reserve Fund in an amount that together with moneys otherwise transferred to such fund will equal but not exceed the Subordinate FF&E/CapEx Set Aside Amount (defined as 5% of Gross Operating Revenue) accrued but not paid through the preceding month (as such set aside amount may be adjusted from time to time pursuant to the Indenture).

Supersubordinate Management Fee Fund

Moneys are to be deposited in the Supersubordinate Management Fee Fund until the amount on deposit therein equals the Supersubordinate Management Fee (as described in the Management Agreement) accrued but not paid through the preceding month.

Authority Fund

To the extent the Authority Fund contains less than \$2,000,000 and an Authorized Authority Representative has directed the Trustee in writing to replenish the Authority Fund, to

the Authority Fund, an amount equal to the lesser of (i) the amount set forth in such written direction (which in no event shall permit the amount on deposit in the Authority Fund to exceed \$4,000,000) and (ii) the amount, together with all other amounts transferred to the Authority Fund during such Fiscal Year, equals \$500,000.

Primary Cash Trap Fund

All moneys remaining in the Available Revenue Fund are to be deposited in the Primary Cash Trap Fund. See Appendix C – “Form of Indenture” for a description of the permitted uses of amounts deposited in the Primary Cash Trap Fund and circumstances in which certain amounts therein may be released from the Trust Estate. Also see “THE SERIES 2016 BONDS – Redemption Provisions - Optional Redemption.”

Secondary Cash Trap Fund

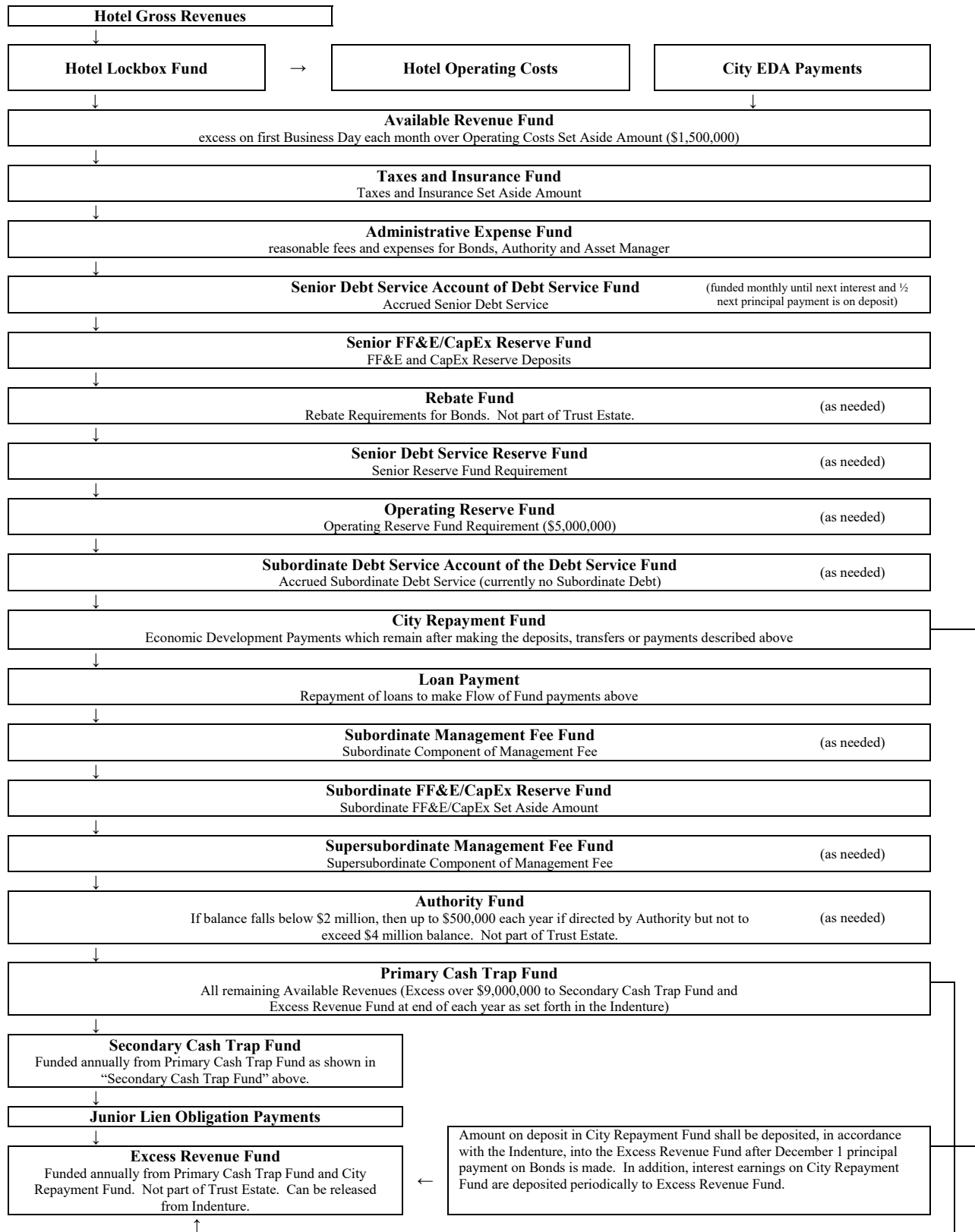
The Secondary Cash Trap Fund is funded annually from any balances in the Primary Cash Trap Fund in excess of \$9 million until the balance in the Secondary Cash Trap Fund is equal to fifteen percent (15%) of the principal amount of the Bonds then Outstanding. At which time, the Secondary Cash Trap Fund is to be funded in an amount equal to fifty percent (50%) of the amount in excess of the \$9 million held in the Primary Cash Trap Fund. Moneys in the Secondary Cash Trap Fund may be used, after certain conditions set forth in the Indenture have been met, to pay any reasonable capital costs or improvements related to the Convention Center or pay costs related to the marketing of the Convention Center that in the Authority’s reasonable discretion will enhance the operations of the Hotel. See Appendix C – “Form of Indenture” for a description of the permitted uses of amounts deposited in the Secondary Cash Trap Fund and circumstances in which certain amounts therein can be released from the Trust Estate. Also see “THE SERIES 2016 BONDS – Redemption Provisions - Optional Redemption.”

Excess Revenue Fund

Amounts on deposit in the Excess Revenue Fund are for the sole benefit of the Authority, do not constitute a part of the Trust Estate securing the Series 2016 Bonds and shall be held for the benefit of the Authority. The Excess Revenue Fund is funded annually from any balances in the Primary Cash Trap Fund in excess of \$9 million once the balance in the Secondary Cash Trap Fund is equal to fifteen percent (15%) of the principal amount of the Bonds then Outstanding, at which time, the Excess Revenue Fund is to be funded in an amount equal to fifty percent (50%) of the amount in excess of the \$9 million held in the Primary Cash Trap Fund. No later than December 15 of each year, all monies on deposit in the City Repayment Fund shall be transferred to the Excess Revenue Fund in accordance with the terms of the Indenture.

The following table graphically depicts the flow of funds described above:

Indenture Flow of Funds



Senior Debt Service Reserve Fund

The Indenture requires an initial deposit into the Senior Debt Service Reserve Fund equal to the Senior Reserve Fund Requirement. Amounts in the Senior Debt Service Reserve Fund are to be maintained as a continuing reserve to be used to cure any deficiency in the Senior Debt Service Account after the application of other moneys in other funds and accounts as described under “– Amounts Transferred to Senior Debt Service Account” below.

Subject to the provisions of the Indenture, there are to be deposited into the Senior Debt Service Reserve Fund from Available Revenues from time to time moneys sufficient to maintain the Senior Debt Service Reserve Fund in an amount equal to the Senior Reserve Fund Requirement.

Under the Indenture, the Authority may cause the substitution of a letter of credit or insurance policy for cash on deposit in the Senior Debt Service Reserve Fund.

Amounts Transferred to Senior Debt Service Account

If on the fifth Business Day prior to any Interest Payment Date there are not sufficient moneys in the Senior Debt Service Account on such date to pay principal of and interest on the Senior Bonds to become due and owing on such Interest Payment Date (other than Senior Bonds for which moneys have been set aside and dedicated to the payment of such Senior Bonds as permitted in the Indenture), moneys are to be transferred to the Senior Debt Service Account from the following sources in the priority listed below and in an amount which, together with the amount then on deposit in the Senior Debt Service Account, will result in the Senior Debt Service Account having the balance required to be on deposit therein in order to pay principal and interest to become due and payable on such Interest Payment Date: (1) Capitalized Interest Account created for any Additional Bonds; (2) Secondary Cash Trap Fund; (3) Primary Cash Trap Fund; (4) Supersubordinate Management Fee Fund; (5) Subordinate FF&E/CapEx Reserve Fund, to the extent permitted by the Indenture; (6) Subordinate Management Fee Fund; (7) the City Repayment Fund; (8) Subordinate Debt Service Account; (9) Operating Reserve Fund, but only from amounts therein in excess of \$2,000,000; (10) Taxes and Insurance Fund but only to the extent permitted by the Indenture; (11) Senior Debt Service Reserve Fund; and (12) Senior FF&E/CapEx Reserve Fund, to the extent permitted by the Indenture.

The following table graphically depicts the priority of the amounts transferred to the Senior Debt Service Account other than from amounts deposited therein from Available Revenues.

Amounts Transferred to the Senior Debt Service Account

Amounts on deposit in the Capitalized Interest Account
↓
Amounts on deposit in the Secondary Cash Trap Fund
↓
Amounts on deposit in the Primary Cash Trap Fund
↓
Amounts on deposit in the Supersubordinate Management Fee Fund
↓
Certain amounts on deposit in the Subordinate FF&E/CapEx Reserve Fund (to the extent permitted by the Indenture)
↓
Amounts on deposit in the Subordinate Management Fee Fund
↓
Amounts on deposit in the City Repayment Fund
↓
Amounts on deposit in the Subordinate Debt Service Account
↓
Amounts on deposit in the Operating Reserve Fund in excess of \$2 million
↓
Amounts on deposit in the Taxes and Insurance Fund (to the extent permitted by the Indenture)
↓
Amounts on deposit in the Senior Debt Service Reserve Fund Reserve Fund
↓
Certain amounts on deposit in the Senior FF&E/CapEx Reserve Fund (to the extent permitted by the Indenture)

General Covenants of the Authority Under the Indenture

For the benefit of the holders of the Authority's Bonds, the Authority has made various covenants and representations in the Indenture that are more fully set forth in Appendix C hereto. The covenants set forth below apply to the Series 2016 Bonds and represent only a few of the Authority's covenants with respect to its Bonds. For a more complete discussion of the Authority's covenants, see Appendix C – Form of Indenture – Particular Covenants and Representations of the Authority.

In the Indenture, the Authority covenants to include in any hotel management agreement, including the Management Agreement, a requirement to maintain the Debt Service Coverage Requirement with respect to the Senior Bonds including the Series 2016 Bonds. If the Debt Service Requirement is not met, the Indenture sets forth various steps, including hiring of a Hotel Consultant, to be taken by the Hotel Manager in order to meet the Debt Service Coverage Requirement.

Except as further described in the Indenture, the Authority covenants and agrees that it will not directly or indirectly create, assume or suffer to exist any mortgage, deed of trust, pledge, security interest, encumbrance, lien or charge of any kind upon any of its property or assets or any revenues, income or profit therefrom, whether such property is now owned or hereafter acquired, other than (a) the Deed of Trust, (b) Permitted Encumbrances, or (c) to further secure the Senior Bonds or the Subordinate Bonds.

Collateral Security

The Series 2016 Bonds will be secured by the Deed of Trust from the Authority, as grantor, to the Public Trustee of the City and County of Denver, Colorado (the “Public Trustee”), in trust, for the benefit of the Trustee, as beneficiary. Pursuant to the Deed of Trust, the Authority grants and assigns to the Public Trustee, in trust for the benefit of the Trustee, all of the Authority’s right, title and interest in and to the Site and improvements thereon, including the Hotel and the Garage, together with all fixtures attached thereto, all building materials and equipment to be installed thereon, all leases, lettings and licenses of the premises and rents, issues, profits, accounts receivable and revenues of the premises, and all insurance proceeds obtained for the collateral. The Deed of Trust creates a first lien on the Site, the Hotel and the Garage in favor of the Trustee that may be enforced in accordance with the terms of the Deed of Trust and the Colorado public trustee foreclosure statutes. It is not necessary to foreclose the Deed of Trust through a judicial foreclosure procedure, which is more costly and time consuming than the public trustee procedure. However, if a judicial foreclosure is desired, or the Public Trustee elects not to conduct the foreclosure, a judicial foreclosure is also available under the Deed of Trust.

The Colorado Revised Statutes establish the public trustee foreclosure procedure for the Deed of Trust as follows: Upon the occurrence of an event of default under the Indenture or the Deed of Trust and the acceleration of the Series 2016 Bonds, the Trustee must file with the Public Trustee the following documents; (i) the original evidence of debt, i.e. the Indenture, (ii) an original or certified copy of the Deed of Trust, (iii) the notice of election and demand for sale, (iv) the notice of Public Trustee’s sale, (v) the notice of right to cure and right to redeem, (vi) a certificate of ownership of the Hotel, (vii) the affidavit stating the outstanding principal balance of the Series 2016 Bonds and (viii) a mailing list based upon all documents affecting the property recorded subsequent to the Deed of Trust or documents subordinate to the Deed of Trust and including any other person having a right to cure or redeem and any guarantor. The Public Trustee must record the notice of election and demand for sale in the real property records within ten days of receipt. The date of the Public Trustee sale must be set by the Public Trustee and must be not less than 45 nor more than 60 days after the recording date of the notice of election and demand. The Public Trustee must mail the notice of right to cure and right to redeem to the parties on the mailing list within 20 days after the recording of the notice of election and demand. The Public Trustee must publish the notice of Public Trustee’s sale in a newspaper of general circulation in Denver County once a week for five successive weeks. The Trustee must file a motion for an order authorizing sale, set a hearing date and mail the notice of hearing to the parties on the mailing list. If no response to the notice of hearing is filed, the court must issue an order authorizing sale and the Trustee must deliver the order to the Public Trustee. If the Trustee intends to bid on the property, the Trustee must prepare a written bid, which must be submitted to the Public Trustee no later than noon on the day before the sale date. The Public Trustee’s sale must be held promptly at the time and place set forth in the notice of Public Trustee’s sale unless the Trustee or the Public Trustee continues the sale date.

At the Public Trustee’s sale, the Public Trustee must read the notice of sale and call for bids. If the successful bidder is the Trustee, the Public Trustee must strike off the property to the Trustee and issue a certificate of purchase to the Trustee. If another party is the successful bidder, the Public Trustee must receive cash or certified funds from the successful bidder and deliver the amount received to the Trustee. In either case, the Public Trustee must record the certificate of purchase in the real property records of the City and County of Denver. Following any such sale, the Authority will have a redemption period of 75 days. In addition, any encumbrancer or lienor may redeem during a subsequent five- or ten-day redemption period if the lienor files a notice of intention to redeem at least 15 days before the end of the Authority’s 75-day redemption period. If there is no redemption, the Public Trustee must issue the holder of the certificate of purchase a Public Trustee’s deed.

In addition, the Deed of Trust grants the Trustee, as secured party, a security interest in that portion of the collateral which is personal property, general intangibles and/or is otherwise covered by Article 9 of the Colorado Uniform Commercial Code. The Deed of Trust requires that a financing statement or statements perfecting the security interest in such personal property be appropriately filed. The Indenture requires that the Trustee and the Authority execute and file such financing or continuation statements as may be necessary to maintain the lien of the Deed of Trust.

Additional Bonds

The City Council ordinance authorizing the creation of the Authority and the Authority's Articles of Incorporation authorize the issuance of up to \$375 million in aggregate principal amount of revenue bonds for the purpose of financing the initial acquisition, construction, equipping and operation of the Project. Refunding bonds, operating or capital leases for furniture, fixtures and equipment and agreements with respect to lines or letters of credit that fund operating or debt service reserves are not counted against the \$375 million limit. The Series 2016 Bonds constitute refunding bonds for such purpose. After issuance of the Series 2016 Bonds, the Authority will have \$20,175,000 of revenue bonds authorized but unissued. The Authority's Articles of Incorporation, including the provision relating to the \$375 million limit on revenue bonds, may be amended by a vote of the majority of the voting members of the board of directors then in office with the written consent of the Mayor of the City and adoption by the City Council of an ordinance amending the provisions of the ordinance that authorized the creation of the Authority.

Pursuant to the Indenture, the Authority has the right to issue one or more series of Additional Bonds payable from the Trust Estate and secured by a lien thereon on a parity with or subordinate to the lien thereon of the Series 2016 Bonds, subject to the \$375 million limitation discussed above. Additional Bonds may be issued to (i) refund the Series 2016 Bonds or other bonds issued under the Indenture, (ii) finance renovations, betterments or improvements (which may include additions or expansions to the Hotel, including without limitation, additional meeting space at a location other than the Site but will not include a second Hotel), or (iii) pay amounts reasonably determined by the Authority to be required to be made to protect life, health or property from imminent danger or to comply with certain legal requirements, (provided that the principal amount of Additional Bonds issued to protect life, health or property from imminent danger or to comply with certain legal requirements does not exceed 10% of the aggregate principal amount of the Series 2016 Bonds). If such Additional Bonds (excluding Additional Bonds issued to protect life, health or property from imminent danger or to comply with certain legal requirements) are issued as Senior Bonds, the Authority shall furnish to the Trustee several items, including but not limited to a Consultant's Certificate stating that the Debt Service Coverage Ratio for the Senior Bonds and Subordinate Bonds during the two Fiscal Years preceding the date of issuance of such Additional Bonds were not less than 1.75:1.00 and 1.10:1.00, respectively, during each of such two preceding Fiscal Years and that the Projected Additional Bonds Debt Service Coverage Ratio for the Senior Bonds and the Subordinate Bonds, taking into account the Additional Bonds proposed to be issued and all Outstanding Bonds, is not less than the 1.75:1.00 and 1.10:1.00, respectively, for each and every Fiscal Year succeeding the date of issuance of such Additional Bonds. See Appendix C – "Form of Indenture" for a description of the conditions the Authority must satisfy prior to the issuance of Additional Bonds, including in certain cases required debt service coverage ratios.

CONVENTION CENTER HOTEL AND GARAGE

The Site

The Hotel is located on a 2.445 acre site in downtown Denver bounded by 14th, 15th, Welton and California Streets and directly across 14th Street from the 785,000 square foot Colorado Convention Center. The Site is one block southwest of the 16th Street Mall, a major outdoor retail shopping

promenade and two blocks southwest of 17th Street, which is considered the main downtown financial and commercial corridor. See Appendix A – “Hotel Market Consultant’s Report – Description of the Real Estate” for additional information regarding the characteristics of the Site including accessibility, visibility and proximity to the City’s primary generators of lodging demand.

As additional security for payment of the Series 2016 Bonds, the Authority will grant a lien on, and security interest in, all of its interest in the Site and improvements thereon for the benefit of the Trustee pursuant to the Deed of Trust. See “SECURITY FOR THE SERIES 2016 BONDS – Collateral Security.”

Description of the Hotel and Garage

The Project was completed and opened on December 20, 2005. The Hotel is constructed as an offset tower, a portion of which is 37 stories and another portion of which is 26 stories. The Hotel contains approximately 1,123,936 gross square feet, including 1,100 hotel guest rooms, a four-story glass atrium, one 384-seat full-service restaurant, a lobby bar and lounge, a coffee shop, a 6,700 square foot health club with indoor pool and a spa, approximately 60,000 square feet of meeting space (84,000 square feet if the foyers are included as meeting space), 30,000 and 16,000 square foot ballrooms, the Garage (which includes 558 parking spaces below the Hotel to service the needs of the Hotel) and other supporting facilities commensurate with a full-service, first-class, convention-oriented upscale hotel and all finish materials, fixtures, furnishings, equipment and appliances contained in such Hotel and Garage. In addition, in 2013 and 2014, the Hotel underwent a guestroom and meeting room “soft” renovation at a cost of \$23 million. The renovation was funded using available moneys of the Authority. In order for the Hotel to remain a first class, convention oriented hotel, the Authority will from time to time renovate the Hotel or portions thereof. The Authority expects to pay for any future renovations of the Hotel with available moneys of the Authority. See “CONVENTION CENTER HOTEL AND GARAGE.”

Operation of the Hotel and Garage

Management Agreement

Pursuant to the Management Agreement, Hyatt, as the Hotel Manager, supervises, directs and controls the management, operation and promotion of all aspects of the Project as exclusive manager and operator of the Project during the term of the Management Agreement. The Hotel Manager is responsible for operation of the Hotel and the Garage in accordance with certain prescribed operating standards. As authorized under the Management Agreement, the Hotel Manager has engaged a third party parking manager for management and operation of the Garage. All charges, rent, fees and other amounts due from guests, lessees and concessionaires of the Project, including patrons of the Garage, are collected by the Hotel Manager and deposited in accordance with the Cash Management Agreement. An annual operating plan and budget (which is to include a proposed room rate schedule) and a capital budget is to be developed by the Hotel Manager and approved by the Authority. The 2016 operating plan and budget was approved by the Authority on November 16, 2015. The Hotel Manager is required to prepare monthly and year-to-date operating reports and annual Certified Hotel Statements for the Authority.

The Management Agreement has a term of 15 years commencing on December 20, 2005, the opening date of the Hotel. The Authority is currently negotiating with the Hotel Manager to, among other things, extend the term of the Management Agreement and revise the method of calculation of the management fee. It is expected that an amended management agreement will be in place prior to the closing of the Series 2016 Bonds. The Hotel Manager or the Authority may terminate the Management Agreement upon the occurrence of an Event of Default under the Management Agreement by the other party thereto, and under certain circumstances the Authority may terminate the Management Agreement (with the Trustee’s consent so long as any Series 2016 Bonds remain outstanding) upon the occurrence of

a Performance Termination Event. The Management Agreement contains additional provisions allowing termination of the Management Agreement upon the occurrence of certain events. See Appendix E – “Summary of Certain Provisions of Management Agreement, as expected to be amended.” Also see “RISK FACTORS – Reliance on Brand Name Recognition and Competent Management.” The Management Agreement and the Hotel Manager’s rights thereunder are subordinate to the provisions of the Indenture and all other Bond Documents.

The Indenture requires the Authority to include in the Management Agreement and any other management agreement covering the Project provisions relating to the attainment of certain debt service coverage ratios and the need in some circumstances for the appointment of a Hotel Consultant to make written recommendations regarding the operation, management, marketing, improvement, condition or use of the Hotel. See Appendix E – “Summary of Certain Provisions of Management Agreement, as expected to be amended.” The Authority has assigned its rights and obligations under the Management Agreement to the trustee as security for the Series 2016 Bonds.

Cash Management Agreement

During the Operating Term, the Hotel Manager is required to cause to be deposited promptly into the Lockbox Fund all Gross Operating Revenue (other than the amounts described under “SECURITY FOR THE SERIES 2016 BONDS – Revenue Security - Cash Management Agreement”). The Hotel Manager may withdraw funds from the Lockbox Fund for the sole purpose of paying Operating Expenses and paying Short Term Indebtedness, Pass Through Costs and Excluded Taxes and Other Charges in accordance with the terms of the Management Agreement, the Cash Management Agreement, the Indenture and the Trustee’s security interest in the Lockbox Fund. While any Series 2016 Bonds remain outstanding, the Cash Management Agreement and the Indenture will control and govern the use of Gross Operating Revenue. See “SECURITY FOR THE SERIES 2016 BONDS – Revenue Security - Cash Management Agreement.”

Room Block Agreement

The Authority has entered into a Room Block Agreement with the Hotel Manager and the Convention Bureau. The purpose of the Room Block Agreement is to set forth certain rights of the Convention Bureau to reserve rooms in the Hotel and the obligation of the Authority and the Hotel Manager to provide such rooms. Under the Room Block Agreement, the Convention Bureau may require the Hotel Manager to reserve a block of rooms for patrons of the Convention Center.

During the term of the Economic Development Agreement, the City is a third-party beneficiary under the Room Block Agreement and has the right to enforce the provisions thereof and to exercise the remedies described thereunder. The Authority has assigned its rights and obligations under the Room Block Agreement to the Trustee as security for the Bonds.

Cost Sharing Agreement

The Authority has entered into a Cost Sharing Agreement with the Hotel Manager and 1750 Welton Street Investors LLC (the owner of the Grand Hyatt Denver hotel “GHD”). The purpose of the Cost Sharing Agreement is to take advantage of cost saving benefits and efficiencies for the GHD and the Hotel. Under the Cost Sharing Agreement, the Hotel and GHD share a sales force office and certain employees, including but not limited to, the director of sales and marketing, the associate director of sales and marketing, sales manager and director of revenue management. The Cost Sharing Agreement provides that certain sales and marketing expenses are shared between the Hotel and the GHD based upon an agreed upon percentage, subject to annual adjustment, determined by and pursuant to the Cost Sharing

Agreement. The Cost Sharing Agreement automatically renews for successive one year terms unless previously terminated by the parties thereto.

Asset Manager

The Authority hired and entered into an Agreement for Hotel Asset Manager Services with CHMWarnick, LLC, as its asset manager (the “Asset Manager”) for the benefit of and on behalf of the Authority and the Trustee. The duties of the Asset Manager are set forth in the Indenture and include, but are not limited to, the following: (i) reviewing and recommending approval or disapproval to the Authority of the proposed capital budget and operating plan and budget for the upcoming operating year; (ii) reviewing all reports required to be delivered by the Hotel Manager pursuant to the Management Agreement; (iii) providing reports to the Authority on a quarterly basis summarizing the Asset Manager’s findings for the preceding quarter regarding the Hotel Manager’s compliance with the Management Agreement; (iv) approving the list of possible replacement hotel consultants supplied by the Hotel Manager; and (v) commenting on the recommendations submitted by any hotel consultant.

Insurance

The Authority is required to cause the Project and its operations to be adequately insured, including property insurance, business interruption insurance, boiler and machine insurance, commercial general liability, automobile, workers’ compensation and employer’s liability and excess liability insurance, fidelity bonds and directors and officers liability insurance as described in Appendix C – “Form of Indenture” and the net insurance proceeds are required to be applied as described therein.

Insurance Consultant

The Authority is required to employ or cause to be employed for the benefit of the Trustee and the Authority an Insurance Consultant to review the insurance requirements of the Authority from time to time (but not less frequently than once every 24 months) as described in Appendix C – “Form of Indenture.”

Payments in Lieu of Taxes

In a letter to the Authority dated May 12, 2003, the Denver County Assessor concluded that the Project, while owned by the Authority, is exempt from property taxes. This conclusion is not binding on any future Denver County assessors. Commencing in 2006, the Authority has agreed to make certain payments in lieu of taxes (“Payments in Lieu of Taxes”) to the City in accordance with and during the term of the Economic Development Agreement. The amount of the Payment in Lieu of Taxes for 2016 has been determined to be approximately \$4,639,394. The Payments in Lieu of Taxes are to be equal to the property taxes that would have been levied against the Authority if it was subject to property taxation and are to be paid on the same dates by which property taxes are required to be paid to county treasurers within the State. The City expects to deposit the Payments in Lieu of Taxes into the Special Revenue Fund and use such funds to make Economic Development Payments as described herein under the heading “SECURITY FOR THE SERIES 2016 BONDS – Revenue Security - Economic Development Payments.” In accordance with the Economic Development Agreement, Payments in Lieu of Taxes are to be made prior to the payment of debt service on the Series 2016 Bonds.

In the event the Authority is subsequently determined to be subject to property taxes, the Authority’s obligation to make Payments in Lieu of Taxes would remain but be payable only after annual debt service requirements on the Series 2016 Bonds have been made. The Authority’s payment of property taxes would be required to be made prior to such payment of debt service requirements.

Consequently, a subsequent determination that the Authority is subject to property taxes would not have a material adverse effect on debt service coverage for the Series 2016 Bonds.

THE PARTICIPANTS

The Authority

General Description

On March 3, 2003, the City Council adopted the Ordinance authorizing the creation of the Authority and setting forth certain requirements that were to be stated in its articles of incorporation. The Authority's Articles of Incorporation were filed with the Secretary of State on March 11, 2003 and Articles of Amendment to the Articles of Incorporation were filed with the Secretary of State on March 19, 2009. The Authority was incorporated as a nonprofit corporation under the laws of the State. The Authority was organized exclusively for the limited purpose of owning, acquiring, constructing, equipping, operating, financing and taking any other action that a Colorado nonprofit corporation may take with respect to the Hotel and other property related thereto. The Articles of Incorporation state that "[t]he Authority is an independent nonprofit corporation that (i) is separate and distinct from the City, (ii) is not a district in its own right or part of a district for purposes of article X, Section 20 of the State Constitution ("TABOR") and (iii) is a government-owned business, authorized to issue its own revenue bonds that does not receive 10% or more of its annual revenue in grants from the State or Colorado local governments and, accordingly, is an enterprise within the meaning of subsection (2)(d) of TABOR." The Authority has no power to levy taxes or assessments of any kind, no power to condemn property by eminent domain, no police power, no power to conduct elections and no voters. See "CONSTITUTIONAL REVENUE, SPENDING AND DEBT LIMITATIONS."

The Articles of Incorporation of the Authority also state that: "For purposes of federal income tax law, it is intended that the Authority will be an instrumentality of the City, that the activities of the Authority will lessen the burden of government of the City, that the income of the Authority will be excluded from gross income and that interest on revenue bonds and other obligations of the Authority will (unless provided otherwise in the documents governing the issuance thereof) be excluded from gross income." See "TAX MATTERS."

The Articles of Incorporation of the Authority provide that the Authority is authorized to issue up to \$375 million in principal amount of revenue bonds for the purpose of financing the initial acquisition, construction, equipping and operation of the Project. Such revenue bonds are to be payable solely out of the revenues derived from the financing, refinancing, sale, leasing or operation of the Hotel or other property of the Authority, including the Economic Development Payments. The revenue bonds may be secured by a mortgage, deed of trust and/or assignment of contract rights covering all or any part of the Hotel or other property of the Authority. As of the date hereof, the Authority has no property, moneys or other assets available to secure the payment of the Series 2016 Bonds, except those that have been purchased with or funded by the proceeds of the Series 2003A Bonds, the Series 2006 Bonds, ten years of Hotel operations and various reserve and other funds held under the Indenture together with interest thereon. The Authority was created to facilitate the transactions described herein and, as such, has no other significant assets and no independent operations or expertise with respect to operating a hotel.

On May 2, 2006, the Authority issued \$356,155,000 Denver Convention Center Hotel Authority Convention Center Hotel Senior Revenue Refunding Bonds, Series 2006, which are secured by the 2006 Amended and Restated Indenture of Trust, dated April 1, 2006, by and between the Authority and the Trustee. The proceeds from the Series 2006 Bonds together with amounts on deposit held by the Trustee under the original Indenture were used to: (a) refund and defease all of the Series 2003A Bonds, (b) fund a reserve for the Series 2006 Bonds, (c) fund a working capital reserve for the Project, (d) fund interest on

the Series 2006 Bonds in an amount equal to accrued interest through July 1, 2006, and (d) pay certain costs of issuing the Series 2006 Bonds. A portion of the proceeds of the Series 2016 Bonds will be used to refund all of the outstanding Series 2006 Bonds. See “PLAN OF FINANCING – Refunding Plan.”

The Articles of Incorporation provide that any cash, cash equivalent and investment property that is not encumbered and is not required for the Authority’s purposes or to satisfy the Authority’s contractual obligations and other liabilities is to be distributed to the City, or as directed by the City, at least once each year. See Appendix C – “Form of Indenture – Excess Revenue Fund” for a description of the Excess Revenue Fund from which such distributions to the City are to be made. The Articles of Incorporation further provide that upon dissolution of the Authority, and after paying or making provision for the payment of revenue bonds and other obligations and liabilities of the Authority, the board of directors of the Authority is required to distribute all assets of the Authority to the City.

Board of Directors

The Authority is managed and controlled by a board of directors (the “Board”) composed of seven directors. The current directors of the Authority and the expiration dates of their current terms are as follows:

<u>Name</u>	<u>Occupation</u>	<u>Term Expires</u>
Susan Cantwell	Director of Leasing, Gart Properties	December 31, 2017
Luella Chavez D’Angelo	Vice Chancellor for Enterprise Development University of Colorado South Denver	December 31, 2017
Scott Mitchell	President, Monroe Group	December 31, 2017
Diane Barrett	Chief Projects Officer to the Mayor, City and County of Denver	December 31, 2016
Scott Wylie	Chairman/CEO, First Western Financial Inc.	December 31, 2016
Jaren Ducker	Retired Business Owner	December 31, 2018
Nick Le Masters	General Manager, Cherry Creek Shopping Center	December 31, 2018

Ms. Barrett is currently the Mayor’s Chief Projects Officer for the City. In accordance with the Articles of Incorporation, Ms. Barrett, as an officer or employee of the City, is a non-voting member of the Board and may not be counted for purposes of determining whether a quorum of the Board is present. No more than two directors may be officers or employees of the City at any one time.

The term of office for each successor director of the Authority is three years. Successor directors are to be appointed by the Mayor of the City, but will not take office until confirmed by the City Council by ordinance. Any director may be removed at any time by the Mayor for cause. By resolution, the Board may elect to pay directors a fixed sum, consistent with compensation to directors of comparable non-profit boards of directors, and expenses, if any, for attendance at regular or special meetings of the Board. To date, the Board has not adopted any resolution authorizing payment for service on the Board, and the Board receives no compensation for such service other than reimbursement for reasonable expenses. The directors have no other financial or proprietary interest in the Authority, its assets or the Project.

The Board is required to conduct an annual audit of the Authority’s finances each year and provide copies thereof to the Mayor, the City Council and the Auditor of the City. The Articles of Incorporation also require the Board to adopt an annual budget and work plan and provide copies thereof to the Mayor and the City Council.

Chief Executive Officer

The Authority has contracted with Mosher Sullivan Development Partners, LLC for William E. Mosher to serve as Chief Executive Officer of the Authority. Mr. Mosher is the President of Mosher Sullivan Development Partners, LLC, a real estate development and construction management firm. In addition, he is a Principal with Trammell Crow Company's Colorado Business Unit. He served as President of the Downtown Denver Partnership from 1991 to 1999. He serves as Chairman of the Board of Governors of the Colorado State University System and is Chair-Elect of the Downtown Denver Partnership. He is a member of the Urban Land Institute and Past Chair of ULI's Colorado District Council. He is a past Chair of the International Downtown Association and the Denver Housing Authority. Mr. Mosher graduated from Willamette University in Salem, Oregon in 1972 and received his Master of Science in Urban and Regional Planning from the University of Arizona in 1976.

Limited Liability of the Authority and the Directors

The Series 2016 Bonds are special, limited obligations of the Authority, payable solely from and secured by the Trust Estate under the Indenture. See "SECURITY FOR THE SERIES 2016 BONDS." The directors of the Authority have no pecuniary liability with respect to the Series 2016 Bonds. Under State law, the directors of the Authority are immune from civil liability for acts or omissions, except willful and wanton acts or omissions, within the scope of the director's official functions and duties.

Hotel Manager – Hyatt Corporation

The following information concerning the Hotel Manager was provided by the Hotel Manager. No other party has independently verified or assumes any responsibility for such information and neither the Authority nor the Underwriters make any representation as to the accuracy or completeness of such information. Additionally, the Authority, the Trustee and the Underwriters undertake no responsibility and make no representation as to the accuracy or completeness of the content of the material contained on any of the websites described in this section including, but not limited to, updates of such information or links to other internet sites accessed through the websites described in this section.

Hyatt Corporation, a Delaware corporation and subsidiary of Hyatt Hotels Corporation, has managed the Hyatt Regency Denver at Colorado Convention Center Hotel since opening in 2005, under a Management Agreement between the Authority and Hyatt Corporation, currently set to expire in December 2020. The term of the Management Agreement is expected to be extended to December 1, 2035. See Appendix E – "Summary of Certain Provisions of Management Agreement, as expected to be amended."

Hyatt Hotels Corporation is a leading global hospitality company headquartered in Chicago. Hyatt was founded by Jay Pritzker in 1957 when he purchased the Hyatt House motel adjacent to the Los Angeles International Airport. Over the following decade, Pritzker family business interests grew the company into a North American management and hotel ownership company. In 1968, Hyatt International Corporation was formed and subsequently became a separate management and hotel ownership company. During 2004, substantially all of the hospitality assets owned by Pritzker family business interests, including Hyatt Corporation and Hyatt International Corporation, were consolidated under a single entity, now named Hyatt Hotels Corporation. Since November 10, 2009, Hyatt Hotels Corporation has been a publicly traded company on the New York Stock Exchange, trading under the symbol "H."

Hyatt Hotels Corporation is subject to the information reporting requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Certain information including financial information, as

of particular dates concerning Hyatt Hotels Corporation is disclosed in certain reports and statements filed with the Commission. All reports and statements may be inspected in the Public Reference Room of the Commission at 100 F Street, NE, Washington DC 20549 and are available at the website of the Commission at <http://www.sec.gov>.

Hyatt's portfolio of properties consists of luxury and upper-upscale hotels and resorts, upscale select service hotels and all-inclusive resorts. As of June 30, 2016, Hyatt has a portfolio of 12 premier brands accounting for the operation, by management or franchise, of 667 properties in 54 countries on six continents. Subsidiaries of Hyatt Hotels Corporation own, operate, manage, franchise, license or provide services to hotels, resorts, branded residences and vacation ownership properties throughout the world, including under the following brands: ***Park Hyatt®***, ***Grand Hyatt®***, ***Hyatt Regency®***, ***Hyatt®***, ***ANdAZ®***, ***Hyatt Centric™***, ***The Unbound Collection by Hyatt™***, ***Hyatt Place®***, ***Hyatt House®***, ***Hyatt Ziva™***, ***Hyatt Zilara™*** and ***Hyatt Residence Club®***. Hyatt has consistently received top rankings, awards and accolades for service and guest experience from independent publications and surveys, including Condé Nast Traveler, Travel and Leisure, Forbes and AAA. For more information, please visit www.hyatt.com.

Hyatt has extensive experience as an operator of convention hotels in major primary and secondary convention markets throughout North America. Major markets include New York, Chicago, Orlando, Denver, San Antonio, San Diego, San Francisco, Atlanta, Dallas and Washington D.C. Thirty-five of these North America hotels are classified as convention hotels representing 27,621 rooms, which is nearly 40% of Hyatt's North America inventory.

Among Hyatt's competitive strengths and resources are its sales force, revenue management, reservation services and Hyatt Gold Passport®.

Sales. Each Hyatt hotel has a full sales staff responsible for its own business development and maintenance. The sales staff consist of a Director of Sales and sales managers specifically responsible for key markets such as the travel industry, conventions, small meetings, corporate and incentive sales. Each hotel's sales staff is complemented by Hyatt's corporate sales force which is comprised of 200 sales professionals around the world who target new business, manage ongoing relationships with Hyatt's largest corporate, association and business travel customers and, in turn, generate sales for Hyatt worldwide.

Envision, Hyatt's propriety sales tool, is a robust system used by all members of Hyatt's sales force. Envision enables Hyatt' sales team to manage group rooms forecast, maintain an inventory of definite and tentative group rooms booked each day, streamline the process of checking availability of guest room and meeting/function space and providing rate quotes, in real time.

The majority of the Hyatt Regency Denver at Colorado Convention Center's business is generated through Hyatt's direct channels which include hyatt.com, global sales and Hotel's sales staff. Over the past three years, an average of nearly 84% of Hyatt's Regency Denver at Colorado Convention Center's business came through Hyatt channels.

Revenue Management. Maximizing revenues and managing costs at Hyatt's managed hotels are key components of its management services. The goal of revenue management is to secure the right customers, on the right date, at the right price. PRIO, Hyatt's proprietary revenue management system, is a next generation system that focuses on Pricing, Revenue and Inventory Optimization. Each Hyatt hotel has a revenue management team which is responsible for its own revenue management. Business opportunities are reviewed and agreed upon by the Hotel's management team. Each hotel's revenue management professionals are complemented by Hyatt's corporate revenue management team.

Hyatt manages costs by setting performance goals for hotel management teams and granting general managers operational autonomy. These cost management efforts are supported by tools and analytics provided to the hotels by Hyatt's regional and corporate offices and by compensating hotel management teams based on property performance. In addition to managing hotel level costs, Hyatt strives to keep corporate costs aligned with growth through efficient resource allocation.

Reservations. Hyatt's central reservation system provides a comprehensive view of inventory while allowing for local management to set rates based on demand. Through this system, Hyatt has the ability to allow bookings by hotels directly, via telephone through call centers, by travel agents and online through hyatt.com. Hyatt has seven global contact centers that service its global guest base 24 hours a day, seven days a week and provide reservation services in over 20 languages.

Hyatt Gold Passport®. Hyatt's award winning guest loyalty program, Hyatt Gold Passport®, is a global program designed to attract new guests and to demonstrate Hyatt's loyalty to existing guests. Since its debut in 1987, Hyatt Gold Passport® is regarded as a top tier loyalty program. In 2015, Hyatt Gold Passport won two Freddie Awards, best elite travel program in the Americas and best elite travel program in the Middle East/Asia/Oceania. As of December 31, 2015, Hyatt Gold Passport had over 20 million members. During 2015, Gold Passport members represented 35% of total room nights system wide. For more information, please visit www.goldpassport.hyatt.com.

Hyatt's resources and management have substantially facilitated the Hotel's achievement of financial success in accordance with the expectations of the Authority. Since opening, the Hotel has received numerous awards and recognitions, the most recent of which were awarded during 2016:

Successful Meetings Magazine Pinnacle Award
Trip Advisor Certificate of Excellence
Trip Advisor Green Leader
Colorado Meetings and Events Magazine Best Renovation Project
Cvent Top 100 Meeting Hotels in the United States
ColoradoBiz Magazine Best of Colorado Business Choice Award for Best Business Hotel
Denver Life Magazine – Editor's Pick Best Denver Staycation

RISK FACTORS

THE PURCHASE OF THE SERIES 2016 BONDS IS SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE SERIES 2016 BONDS IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, INCLUDING ALL APPENDICES HERETO. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE FACTORS DESCRIBED BELOW THAT, AMONG OTHERS, COULD AFFECT THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE SERIES 2016 BONDS AND THAT COULD ALSO AFFECT THE MARKET PRICE OF THE SERIES 2016 BONDS TO AN EXTENT THAT CANNOT BE DETERMINED.

Special, Limited Obligations of the Authority

The Series 2016 Bonds are special, limited obligations of the Authority, payable solely from the Trust Estate as described in "SECURITY FOR THE SERIES 2016 BONDS." The Authority has no taxing power. The Authority has no appreciable assets other than its interest in the Project.

Insufficient Occupancy of the Hotel; Inability to Generate Sufficient Revenues

The inability of the Hotel to maintain projected occupancy at projected room rates may adversely affect the ability of the Authority to generate sufficient gross operating revenues to pay the costs of operating and maintaining the Hotel and net operating revenues sufficient, together with other available revenues and funds, to pay debt service on the Series 2016 Bonds. Factors affecting the occupancy of and room rates at the Hotel include, but are not limited to, concerns about the safety of, or the availability of, air travel or the effectiveness of security precautions, particularly in the context of international hostilities and potential terrorist attacks, levels of tourism, levels of business travel, the state of the national, regional and local economies, the price of gasoline, the cost of airline tickets, drought, adverse weather conditions and competition from other hotels (See “– Competition” below). In addition, the revenues and value of the Hotel are dependent, in part, upon convention business in the Convention Center as hereinafter discussed under “– Reliance on the Convention Center.” Additional factors impacting the occupancy and room rates of the Hotel include the appeal of the Hotel to convention attendees and other guests, the success of marketing efforts, the reservation system, room rates available to convention attendees and other guests, competition from other Denver hotels for rooms and other cities in the United States competing for national conventions, temporary or permanent damage to or destruction of the Hotel or ancillary facilities and the sufficiency of insurance to pay the costs of repair or reconstruction and to compensate the Hotel for interruption of business, delays associated with disputed insurance coverage, labor shortages, strikes and other work stoppages, and the future availability of financing to upgrade Hotel technology or amenities. Many of these factors, including levels of business travel, levels of tourism and convention activity are beyond the control of the Authority and the Hotel Manager.

Reliance on the Convention Center

As a convention center headquarters hotel, the success of the Project and the revenues generated thereby will be largely dependent on the ability of the Convention Center to attract large and frequent national conventions. Convention business in the Convention Center, and the ability to attract convention bookings, could be affected by a number of factors including the sufficiency of Convention Center marketing budgets and expenditures, the success of the Convention bureau in booking conventions, the marketing efforts and reservation system of the manager of the Hotel, Denver’s reputation as a convention center destination, temporary or permanent damage to or destruction of the Convention Center and the sufficiency of insurance to pay the costs of repair or reconstruction, delays associated with disputed insurance coverage, labor shortages, strikes and other work stoppages, the future availability of financing to upgrade Convention Center technology or amenities and labor relations with employees of the Convention Center. In addition, although management of the Convention Center has indicated its need for substantial rooms available to users of its facilities, the Convention Center is not obligated to provide any level of room usage for the benefit of the Hotel. See Appendix A – “Hotel Market Consultant’s Report.”

Competition

The level of occupancy of the Hotel and the room rates charged by the Hotel are directly affected by competition from other hotels. As new supply enters the market, or existing hotels are renovated or improved, the Hotel’s market share and occupancy rates could be adversely impacted. The Hotel will not only be subject to competition from hotels in Denver and the surrounding area, but will also be affected by competition from other cities across the United States competing for national convention center business. As a convention center headquarters hotel, the Hotel will be competing to attract national convention attendees to the Hotel. The Market Study Report expects that Denver will realize a hotel room supply expansion in the next few years. There can be no assurance demand for hotel rooms will expand or that the number of hotel rooms added to the Denver market will not exceed the number shown

in the Market Study Report. While the Indenture provides that it is an event of default thereunder if the City or the Authority develops certain hotel and motel facilities within a certain designated area that would compete with the Hotel, and the Economic Development Agreement similarly restricts any such development of a competing hotel by the City, the Authority and the Hotel Manager, the Authority can give no assurances concerning potential competition by other entities or cities or the potential impact of such competition on the revenues of the Hotel. See Appendix C – “Form of Indenture” and Appendix E – “Summary of Certain Provisions of Management Agreement, as expected to be amended.”

Economic Considerations

Because hotel rooms are rented for relatively short periods of time compared to most commercial property, hotels may respond to adverse economic conditions and competition more quickly than commercial properties that are leased or rented for longer periods of time. In addition, occupancy rates and average room rates are dependent in large part on business and leisure travel. During economic slowdowns business and leisure travel will typically decline. The Market Study Report forecasts that approximately 65% of the Hotel’s guests in each year through 2021 will be either convention attendees or part of in-house groups utilizing the meeting space in the Hotel. Economic factors can influence the budgets of convention planners and companies planning group meetings. There can be no assurances that the economy will continue to expand as assumed in the Market Study Report or that Hotel revenue will increase.

Reliance on Brand Name Recognition and Competent Management

The occupancy rates and room rates charged by the Hotel are dependent in part on national brand name recognition. This is particularly true in the case of a convention center headquarters hotel. Convention planners and in-house group planners in large part book their conventions and groups into hotels with national recognition. In addition, the Market Study Report bases its economic forecasts on the assumption that Hyatt, with its national brand name recognition, will competently manage the Hotel. While the Authority has a 15-year contract (expiring in 2020, which is currently expected to be extended to 2035) with Hyatt to serve as Hotel Manager, if Hyatt were to discontinue its services as Hotel Manager or fail to renew the Management Agreement in the future, this could adversely impact the occupancy rates and average room rates of the Hotel unless Hyatt were replaced by a comparable manager with national brand name recognition. See Appendix E – “Summary of Certain Provisions of Management Agreement, as expected to be amended” for a description of the conditions under which Hyatt’s services as Hotel Manager may be terminated prior to the expiration of the term of the Management Agreement.

Economic Development Payments Subject to Annual Appropriation

The obligation of the City to make Economic Development Payments under the Economic Development Agreement is subject to annual appropriation by the City. Among the factors that might affect the willingness of the City each year to make such appropriations are the sufficiency of unpledged tax revenues and Payments in Lieu of Taxes generated by or at the Hotel to make such Economic Development Payments, budgetary needs, perceived budgetary needs or mere temptations to use such tax revenues and Payments in Lieu of Taxes for competing purposes, including lease payments subject to annual appropriation for facilities deemed more essential to governmental operations, and the experience and political perspectives of the Mayor and City Council members. While the City may appropriate moneys to make Economic Development Payments from any available funds, the City expects that deposits to the Special Revenue Fund, together with certain Excess Revenues paid by the Authority to the City, will provide enough money in each year to allow the entire amount of each Economic Development Payment to be appropriated by the City. The moneys in the Special Revenue Fund are not pledged to the payment of Economic Development Payments or to the payment of the Series 2016 Bonds, and the City Council could amend the provisions pertaining to the Special Revenue Fund at any time and in any

manner, including eliminating the Special Revenue Fund altogether. See “SECURITY FOR THE SERIES 2016 BONDS – Revenue Security - Economic Development Payments.”

In addition, while sales and use tax revenues of the City are not pledged to the payment of the Series 2016 Bonds, sales and use tax revenues accounted for approximately 50.6% of the City’s general fund revenues in 2015, and are expected to be a source of revenue generated by the Hotel that is deposited by the City in the Special Revenue Fund. Significant decreases in the amount of available sales and use tax revenues in any year could have an adverse effect on the City’s annual decision to appropriate funds to make Economic Development Payments. The availability of sales and use tax revenues for annual appropriation could be influenced by factors including (i) the amount of retail activity within the Hotel and the City; (ii) federal and State legislators’ ability to modify which transactions are exempt from sales taxes; and (iii) the continuing inability of the City to collect sales taxes on internet sales, due to the continuation of existing or enactment of new legislative moratoriums on the imposition of sales taxes on all or a portion of such internet sales or the practical difficulties in enforcing and collecting sales tax revenues on internet sales. For more information on the City’s taxes described above see the City’s annual financial filing as posted by the Authority on EMMA, www.emma.msrb.org.

Actual Results May Differ From Forecasts

The financial forecasts described under “PLAN OF FINANCING” are based upon assumptions made by the Hotel Market Consultant in the Market Study Report. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the Forecast Period will vary and the variations may be material. In particular, any substantial decrease in occupancy or average room rates at the Hotel will reduce revenues available to pay debt service on the Series 2016 Bonds. See “PLAN OF FINANCING,” “HOTEL MARKET CONSULTANT’S REPORT,” “CASH FLOW PROJECTIONS,” “FORWARD LOOKING STATEMENTS” and Appendix A – “Hotel Market Consultant’s Report.”

Enforceability of Remedies

If an Event of Default occurs under the Indenture, the Trustee may, in certain situations, declare the principal of the Series 2016 Bonds to be immediately due and payable and the Trustee will have the right to foreclose on the Project in accordance with the Indenture and the Deed of Trust by public trustee sale or judicial foreclosure. The Trustee may also exercise all the rights and remedies of a secured party under the Colorado Uniform Commercial Code with respect to the personal property included in the Project. See “SECURITY FOR THE SERIES 2016 BONDS – Collateral Security.” The enforceability of the Indenture, the Series 2016 Bonds and the Deed of Trust are subject to applicable bankruptcy laws, principles of equity affecting the enforcement of creditors’ rights generally and liens securing such rights, the police powers of the State and its political subdivisions and judicial discretion. Because of the delays inherent in enforcing the remedies of the Trustee upon the Project through the courts, a potential purchaser of the Series 2016 Bonds should not anticipate that the remedies of the Trustee are remedies that could be accomplished rapidly. Any delays in the ability of the Trustee to resolve its claim to possession of or title to the Project may result in delays in the payment of the Series 2016 Bonds. In addition, repayment of the Series 2016 Bonds in the event of a foreclosure on the Project will be dependent primarily on the cash flow derived from and the market or liquidation value of the Project. The practical use of the Project is limited to its use as a hotel and parking garage. There can be no assurances that in the event of a foreclosure on the Project the Trustee would receive sufficient revenues to pay the Series 2016 Bonds in full.

As a Colorado political subdivision with condemnation powers, the City may be able to assert various claims to possession of the Project that may be superior to the Trustee’s rights to foreclose on or sell the Project under the Indenture and the Deed of Trust. Although commencement of condemnation

proceedings against all or any part of the Project constitutes an Event of Default under the Indenture, the City has not covenanted, and has no authority to covenant, not to exercise its power of eminent domain to condemn the Project.

Multi-Employer Pension Plan

Certain employees of the Hotel that are represented by a union are subject to a collective bargaining agreement. Pursuant to the collective bargaining agreement, the Hotel Manager is required to make contributions to a pension plan established for such employees under the collective bargaining agreement. Such pension plan is currently underfunded and considered to be in critical status under federal law. If the Hotel elects to withdraw from such plan, due to such status or otherwise, federal law would require the Hotel to pay upon such withdrawal from such plan, its proportionate share of such plan's "unfunded vested benefits liability". Based upon the information provided by the administrators of such plan, the Hotel's share of such liability as of January 1, 2015 was approximately \$3,239,000. Although the Authority is not directly responsible for such liability, such liability would be considered an operating expense under the terms of the Management Agreement for which the Authority would be required to reimburse the Hotel. The obligation to reimburse the Hotel for such payment could reduce the revenues available to repay the Series 2016 Bonds. For further information, see Note 8 to the Audited Basic Financial Statements of the Authority for the Fiscal year Ended December 31, 2015 included as Appendix G hereto.

Ratings

Moody's is expected to assign the rating of "Baa2" to the Series 2016 Bonds. Standard & Poor's Global Ratings ("S&P") has issued a corporate project finance preliminary issue rating of "BBB-" to the Series 2016 Bonds. S&P's final rating will be issued after S&P's review of final execution documents for the transaction and the final pricing of the Series 2016 Bonds. Pursuant to the Bond Purchase Agreement, the assignment of ratings of "Baa2" by Moody's and "BBB-" by S&P is a condition precedent to the Underwriters' purchase of the Series 2016 Bonds. There is no assurance that the final rating by S&P will not be lower than "BBB-."

No Secondary Market

There can be no assurance that a secondary market for the Series 2016 Bonds will be established or maintained. Accordingly, each prospective investor should expect to bear the risk of the investment represented by the Series 2016 Bonds to maturity.

CONTINUING DISCLOSURE UNDERTAKING

In connection with the issuance of the Series 2016 Bonds and to assist the Underwriters in complying with Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended, the Continuing Disclosure Undertaking provides a covenant by the Authority that it will provide annually to the Municipal Securities Rulemaking Board acting through its Electronic Municipal Market Access System: certain financial information and operating data with respect to the Authority and the Project and with respect to the City, including audited financial statements for the Authority and for the City; and to provide notice of certain events specified by the Rule. The City has agreed in the Continuing Disclosure Undertaking to provide upon request to the Authority annual financial information and audited financial statements of the City. See Appendix G – "Form of Continuing Disclosure Undertaking" for the detailed provisions of the Continuing Disclosure Undertaking. The Authority failed to file the City's CAFRs for fiscal years ended 2014, 2013 and 2011 on EMMA as required by the Authority's previous undertaking. The City's CAFRs were filed on EMMA along with a remedial notice of failure to file on September 23, 2016.

CONSTITUTIONAL REVENUE, SPENDING AND DEBT LIMITATIONS

Generally

Article X, Section 20 of the Colorado Constitution, also known as the “Taxpayer’s Bill of Rights” (“TABOR”), limits the powers of the State and local governments to borrow, tax and spend. TABOR applies to “districts,” which are defined as the State or any local government, excluding “enterprises.” An “enterprise” is defined as a government-owned business authorized to issue its own revenue bonds and receiving under 10% of annual revenue in grants from all Colorado state and local governments combined. TABOR, among other things, (1) requires that districts obtain voter approval for any multiple-fiscal year debt or other financial obligation; and (2) limits a district’s annual revenue and property tax revenue and expenditures from those sources to the previous year’s revenue and property tax revenue and expenditures therefrom, as adjusted for inflation, local growth and voter-approved revenue changes, and require that revenue or property tax revenue in excess of these limits be refunded. The City’s obligation to make Economic Development Payments under the Economic Development Agreement is not a multiple-fiscal year debt or other financial obligation for which voter approval is required under TABOR.

The City

The City is a district and is, therefore, subject to TABOR. The City’s obligation to make Economic Development Payments under the Economic Development Agreement is not a multiple-fiscal year debt or other financial obligation for which voter approval is required under TABOR. The Economic Development Payments are subject to annual appropriation by the City and will be made in exchange for services and other benefits provided to the City by the Authority of at least equivalent value.

The revenues of the City, including the revenues that the City uses to make the Economic Development Payments, are subject to TABOR’s limits on revenue and property tax revenue and expenditures therefrom. At an election held on November 1, 2005, the City’s voters approved an exemption from the TABOR limit for all excess tax revenues (except property tax revenues) received by the City in Fiscal Years 2005 through 2014. Any excess revenues received in the Fiscal Years 2005 through 2014 were spent on essential City services. In November 2007, City voters also authorized an exemption from the TABOR revenue limits for the revenues collected from a 2.5 mill levy increase approved for capital maintenance expenditures.

On November 6, 2012, City voters passed Referred Question 2A that permanently exempted the City from all TABOR restrictions on annual increases in tax revenue, including property tax revenue. The referred question also allowed the City to increase its net property tax rate for collections in 2013 by four mills through the elimination of a portion of the temporary property tax credits the City had previously adopted to comply with TABOR revenue limitations, resulting in a budgeted increase of property tax revenue to the City from \$73,891,000 to \$106,761,000 as of the 2013 budget. Beginning in 2014, Referred Question 2A limited annual increases in property tax revenue in certain City operating funds to a rate of 6% over prior year collections, plus a “local growth” factor, and allows the City to adjust its temporary property tax credits annually to stay within the limit. For 2015 City property taxes collected in 2016, a temporary property tax credit of 5.07 was applied. For 2016 property taxes to be collected in 2017, the City’s budget reflects a plan to reduce its temporary property credit by an additional one-half mill and to dedicate the revenue to affordable housing programs.

Ballot questions seeking voter approval for such TABOR matters may be submitted only at State general elections, biennial local district elections or on the first Tuesday in November of odd-numbered years.

The Authority

As of the date of issuance of the Series 2016 Bonds, the Authority will not be treated as a district and will be treated as an enterprise for purpose of TABOR. In the Indenture, the Authority has covenanted that it will conduct its activities in a manner so that it will not be a district in its own right or part of a district and will be an enterprise for the purpose of TABOR. Under TABOR, an entity that is not a district or that is an enterprise may issue bonds without voter approval and may receive and expend revenues without complying with the TABOR limitations described above.

LITIGATION

There is no pending litigation, or, to the knowledge of the Hotel Manager, the City Attorney of the City or the Authority, litigation threatened in writing against the Hotel Manager, the City or the Authority, respectively, that in any way materially challenges the validity of the Series 2016 Bonds or any proceedings or transactions relating to the authorization, sale or delivery of the Series 2016 Bonds or that materially challenges the operation or management of the Hotel, or the enforceability of the Indenture, the Deed of Trust, the Economic Development Agreement, the Cash Management Agreement, the Management Agreement, the Cost Sharing Agreement or the Room Block Agreement.

LEGAL MATTERS

Legal matters incident to the authorization, execution and delivery of the Bonds are subject to approval by Kutak Rock LLP, Denver, Colorado, as Bond Counsel. The form of the opinion of Bond Counsel with respect to the Series 2016 Bonds is attached hereto as Appendix H and will be available at the time of delivery of the Series 2016 Bonds. Butler Snow LLP, Denver, Colorado, has acted as Special Counsel to the Authority in connection with the preparation of the Official Statement. Certain legal matters will be passed upon for the Authority by Kaplan, Kirsch & Rockwell, LLP, Denver, Colorado, as General Counsel to the Authority, for the City by the City Attorney, and for the Underwriters by Ballard Spahr LLP, Denver, Colorado, as Underwriters' Counsel.

TAX MATTERS

General

In the opinion of Kutak Rock LLP, Bond Counsel to the Authority, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2016 Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the Authority with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be met subsequent to the issuance of the Series 2016 Bonds. Failure to comply with such requirements could cause interest on the Series 2016 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2016 Bonds. The Authority has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Series 2016 Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax, such interest will be included in the adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of federal alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

Bond Counsel is also of the opinion that under existing laws, regulations, rulings and judicial decisions, to the extent that interest on the Series 2016 Bonds is excludable from gross income for federal income tax purposes, interest on the Series 2016 Bonds is exempt from State of Colorado income tax. Bond Counsel has expressed no opinion regarding any other tax consequences arising with respect to the Series 2016 Bonds under the laws of the State of Colorado or any other state or jurisdiction.

Special Considerations With Respect to the Series 2016 Bonds

The accrual or receipt of interest on the Series 2016 Bonds may otherwise affect the federal income tax liability of owners of the Series 2016 Bonds. The extent of these other tax consequences will depend on an owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2016 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2016 Bonds.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2016 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2016 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Tax Treatment of Original Issue Discount

The Series 2016 Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discount Bonds") are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period

if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to all state and local tax consequences of owning a Discount Bond.

Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of such bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Tax Treatment of Original Issue Premium

The Series 2016 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Bonds”) are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed.

Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Series 2016 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2016 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2016 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2016 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2016 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

A copy of the proposed form of opinion of Bond Counsel with respect to the Series 2016 Bonds is included in Appendix H.

RATINGS

Moody's is expected to assign the rating of "Baa2" to the Series 2016 Bonds. Standard & Poor's Global Ratings ("S&P") has issued a corporate project finance preliminary issue rating of "BBB-" to the Series 2016 Bonds. Standard & Poor's final rating will be issued after S&P's review of final execution documents for the transaction and the final pricing of the Series 2016 Bonds. Pursuant to the Bond Purchase Agreement, the assignment of ratings of "Baa2" by Moody's and no lower than "BBB-" by S&P is a condition precedent to the Underwriters' purchase of the Series 2016 Bonds.

Such ratings reflect only the view of such organizations, and any desired explanation of the significance of such ratings should be obtained from them. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2016 Bonds.

ADDITIONAL INFORMATION

Additional information concerning the Series 2016 Bonds, the Authority and the City may be obtained during the initial offering of the Series 2016 Bonds from Peter Phillippi, Managing Director, Piper Jaffray & Co., at peter.j.phillippi@pjc.com.

INDEPENDENT AUDITORS

The audited basic financial statements of the Authority for the fiscal year ended December 31, 2015, included in its Official Statement as Appendix I, have been audited by GHP Horwath, P.C., certified public accountants, Denver, Colorado, to the extent and for the period indicated in their report thereon.

The Authority will not request or obtain a consent letter from its auditor for the inclusion of the audit report in this Official Statement. GHP Horwath, P.C., the Authority's independent auditor, has not been engaged to perform, and has not performed, since the date of the report included herein, any procedures on the financial statements addressed in that report. GHP Horwath, P.C., also has not performed any procedures relating to this Official Statement.

MUNICIPAL ADVISOR

North Slope Capital Advisors has been retained as Municipal Advisor in connection with the issuance of the Series 2016 Bonds. The Municipal Advisor has provided advice to the Authority regarding the structure of the Series 2016 Bonds. The Municipal Advisor has not participated in any independent verification of the information concerning the financial condition or capabilities of the Authority contained in this Official Statement.

UNDERWRITING

The Series 2016 Bonds were sold on _____, 2016, to the Underwriters at a price equal to \$_____, representing the principal amount of the Series 2016 Bonds plus a net reoffering premium/less original issue discount of \$_____ and less an underwriting discount of \$_____.

The Underwriters have agreed to accept delivery of and pay for all the Series 2016 Bonds if any are delivered, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

Information Provided by the Underwriters

The Underwriters and their respective affiliates are full services 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. Certain of the Underwriters and their respective affiliates have, from time to time, performed and may in the future perform, various investment banking services for the District 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 and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

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 require, long and/or short positions in such assets, securities and instruments.

Piper Jaffray & Co.

Piper Jaffray & Co. has entered into a distribution agreement (“Distribution Agreement”) with Charles Schwab & Co., Inc. (“CS&Co”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Series 2016 Bonds from Piper Jaffray & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Series 2016 Bonds that CS&Co. sells.

Citigroup Global Markets Inc.

Citigroup Global Markets Inc. has entered into a retail distribution agreement with UBS Financial Services Inc. (“UBSFS”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS. As part of this arrangement, Citigroup Global Markets Inc. may compensate UBSFS for their selling efforts with respect to the Series 2016 Bonds.

EXPERTS

The information contained under the headings “CASH FLOW PROJECTIONS” and Appendix A – “Hotel Market Consultant’s Report” have been included in reliance upon the authority of HVS Consulting & Valuation, a division of TS Worldwide, LLC, as experts in the preparation of hotel feasibility and market analyses.

MISCELLANEOUS

The appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any such estimates will be realized. This Official Statement shall not be construed as a contract between the Authority and any person.

DENVER CONVENTION CENTER HOTEL AUTHORITY

By: _____
President

APPENDIX A

HOTEL MARKET CONSULTANT'S REPORT

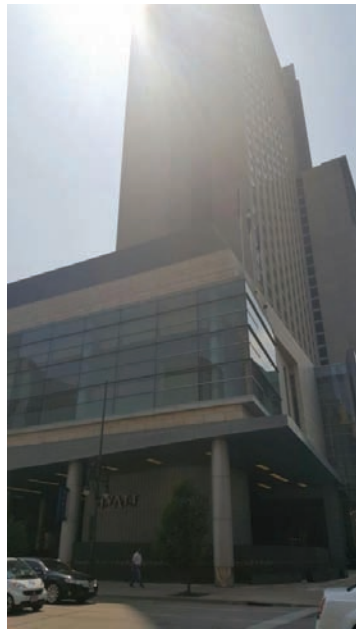
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MARKET STUDY

Hyatt Regency Denver Colorado Convention Center

650 15TH STREET
DENVER, COLORADO



SUBMITTED TO:

Mr. Peter J. Phillippi
Piper Jaffray
2525 East Camelback Road, Suite 925
Phoenix, Arizona, 85016

+1 (602) 808-5427

PREPARED BY:

HVS Consulting & Valuation
Division of TS Worldwide, LLC
413 South Howes Street
Fort Collins, Colorado, 80521

+1 (303) 881-4762



September 22, 2016

HVS DENVER
413 South Howes Street
Fort Collins, Colorado, 80521
+1 (303) 881-4762
+1 (415) 896-0516 FAX
www.hvs.com

Mr. Peter J. Phillippi
Piper Jaffray
2525 East Camelback Road, Suite 925
Phoenix, Arizona, 85016

Re: Hyatt Regency Denver Colorado Convention Center
Denver, Colorado
HVS Reference: 2016021410

Dear Mr. Phillippi:

Pursuant to your request, we herewith submit our market study report pertaining to the above-captioned hotel. We have inspected the real estate and analyzed the market conditions in the Denver, Colorado area. Our report has been prepared in accordance with, and is subject to, the requirements the Uniform Standards of Professional Appraisal Practice (USPAP), as provided by the Appraisal Foundation.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Sincerely,
TS Worldwide, LLC

A handwritten signature in black ink, appearing to read 'B. E. Russell', is positioned above the printed name.

Brett E. Russell, Senior Vice President, Partner
BRussell@hvs.com, +1 (720) 877-1376



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1. Summary of Salient Data and Conclusions

Property:	Hyatt Regency Denver Colorado Convention Center
Location:	650 15th Street Denver, Colorado 80202
Date of Inspection:	September 6, 2016
Date of Report:	September 22, 2016

LAND DESCRIPTION

Area:	2.44 acres, or 106,400 square feet
Zoning:	PUD/CBD - Planned Unit Development/Central Business District
Assessor's Parcel Number(s):	02345420270000234542027000
FEMA Flood Zone:	Zone X

IMPROVEMENTS DESCRIPTION

Year Opened and Renovated:	2005; Renovated: 2013/14
Property Type:	Full-service, convention headquarters lodging facility
Building Area:	1,123,936 square feet
Guestrooms:	1,100
Number of Stories:	37
Food and Beverage Facilities:	A restaurant and two lounges
Meeting Space:	70,172 square feet
Additional Facilities:	An indoor pool, an outdoor whirlpool, a fitness center, spa treatment rooms, and a coffee and gift shop
Parking Spaces:	544 (Garage)



MARKET PERFORMANCE

Both occupancy and average rate first peaked for this selected set of hotels in the Denver CBD market in 2008, resulting in a RevPAR of nearly \$110, before declining to a low point of roughly \$90 by year-end 2009 because of the recession. A rapid recovery began in 2010 that extended through year-end 2015; as illustrated, the 2008 peak in RevPAR was exceeded in 2011. Significant growth in the commercial sector, coupled with the City's focus on revitalization throughout the Downtown Denver market, resulted in significant increases in both commercial and leisure demand from 2010 through 2015. Furthermore, Denver has gained the reputation as a highly sought-after meeting and group destination. As demand continued to increase, Denver's CBD became a focal point for hotel developers. From 2010 through 2015, seven new hotels opened, resulting in an increase of nearly 1,500 guestrooms. In 2015, RevPAR surpassed \$140 for the first time in the historical period, largely attributed to the addition of high-quality new supply and recently completed renovations at hotels within the market. The following tables summarize market-wide supply, demand, occupancy, average rate, and RevPAR trends for this market.

FIGURE 1-1 HISTORICAL SUPPLY AND DEMAND TRENDS (STR)

Average Daily		Available Room		Occupied Room		Average				
Year	Room Count	Nights	Change	Nights	Change	Occupancy	Rate	Change	RevPAR	Change
2004	3,782	1,380,430	—	840,734	—	60.9 %	\$121.67	—	\$74.10	—
2005	3,823	1,395,309	1.1 %	874,747	4.0 %	62.7	130.15	7.0 %	81.59	10.1 %
2006	4,561	1,664,765	19.3	1,104,798	26.3	66.4	141.60	8.8	93.97	15.2
2007	5,000	1,825,009	9.6	1,211,582	9.7	66.4	154.00	8.8	102.24	8.8
2008	5,300	1,934,500	6.0	1,313,840	8.4	67.9	161.06	4.6	109.38	7.0
2009	5,300	1,934,500	0.0	1,202,214	(8.5)	62.1	145.15	(9.9)	90.20	(17.5)
2010	5,394	1,968,981	1.8	1,350,383	12.3	68.6	152.60	5.1	104.66	16.0
2011	5,942	2,168,830	10.1	1,535,789	13.7	70.8	158.47	3.8	112.22	7.2
2012	5,941	2,168,496	(0.0)	1,571,162	2.3	72.5	160.87	1.5	116.55	3.9
2013	6,169	2,251,515	3.8	1,616,237	2.9	71.8	166.32	3.4	119.39	2.4
2014	6,256	2,283,369	1.4	1,741,707	7.8	76.3	178.69	7.4	136.30	14.2
2015	6,444	2,352,181	3.0	1,812,297	4.1	77.0	185.18	3.6	142.68	4.7
Year-to-Date Through July										
2015	6,384	1,353,408	—	1,052,737	—	77.8 %	\$182.89	—	\$142.26	—
2016	6,745	1,429,940	5.7 %	1,093,628	3.9 %	76.5	186.24	1.8 %	142.44	0.1 %
Average Annual Compounded Change:										
2004 - 2015			5.0 %	7.2 %			3.9 %			6.1 %
2004 - 2007			9.8	13.0			8.2			11.3
2007 - 2010			2.6	3.7			(0.3)			0.8
2010 - 2015			3.6	6.1			3.9			6.4
				Competitive Status	Number of Rooms	Year Affiliated	Year Opened			
Hotels Included in Sample								Comments		
Crowne Plaza Denver				Primary	364	Aug 2007	Jun 1973			
Doubletree The Curtis				Primary	336	Jan 2010	Jun 1974			
Grand Hyatt Denver				Primary	516	Aug 1987	Jun 1979			
Marriott Denver City Center				Primary	613	Jan 1982	Jan 1982			
Sheraton Hotel Denver				Primary	1,231	Apr 2008	Jan 1985			
Westin Denver Downtown				Primary	430	Jun 1985	Jun 1985			
Courtyard Denver Downtown				Secondary	177	Feb 1998	Feb 1998			
Hotel Teatro				Secondary	110	Mar 1999	Dec 1998			
Hyatt Regency Denver Convention Center				Subject Property	1,100	Dec 2005	Dec 2005			
Hilton Garden Inn Denver Downtown				Secondary	221	Jul 2007	Jul 2007			
Ritz-Carlton Denver				Secondary	202	Jan 2008	Jan 2008			
Four Seasons Denver				Secondary	239	Oct 2010	Oct 2010			
Embassy Suites Denver Downtown Convention Center				Primary	403	Dec 2010	Dec 2010			
Hampton Inn & Suites Denver Downtown Convention Center				Secondary	120	Apr 2013	Apr 2013			
Homewood Suites Denver Downtown Convention Center				Secondary	182	Apr 2013	Apr 2013			
aloft Hotel Denver Downtown				Secondary	140	Dec 2014	Dec 2014			
Hyatt House Denver Downtown				Secondary	113	Nov 2015	Nov 2015			
Hyatt Place Denver Downtown				Secondary	248	Nov 2015	Nov 2015			
Total					6,745					

Source: STR

FIGURE 1-2 PRIMARY COMPETITORS – OPERATING PERFORMANCE

Property	Number of Rooms	Est. Segmentation			Estimated 2014				Estimated 2015					
		Meeting and Group	Commercial	Leisure	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Hyatt Regency Denver Colorado Convention Center	1,100	65 %	20 %	15 %	1,100	75.1 %	\$183.16	\$137.49	1,100	75.2 %	\$187.83	\$141.24	97.6 %	100.2 %
Crowne Plaza Denver	364	40	35	25	364	70 - 75	140 - 150	100 - 105	364	65 - 70	150 - 160	105 - 110	85 - 90	70 - 75
Curtis DoubleTree Hotel	336	35	30	35	336	80 - 85	150 - 160	125 - 130	336	75 - 80	160 - 170	130 - 140	100 - 110	90 - 95
Embassy Suites Denver Downtown Convention Center	403	35	45	20	403	75 - 80	180 - 190	140 - 150	403	75 - 80	180 - 190	140 - 150	100 - 110	100 - 110
Grand Hyatt Denver	516	45	35	20	516	75 - 80	170 - 180	130 - 140	516	75 - 80	180 - 190	140 - 150	100 - 110	100 - 110
Marriott Denver City Center	613	55	30	15	613	70 - 75	170 - 180	125 - 130	613	70 - 75	180 - 190	130 - 140	90 - 95	90 - 95
Sheraton Denver	1,231	55	30	15	1,231	70 - 75	150 - 160	110 - 115	1,231	75 - 80	150 - 160	120 - 125	100 - 110	80 - 85
Westin Denver Downtown	430	45	35	20	430	75 - 80	180 - 190	140 - 150	430	75 - 80	190 - 200	140 - 150	95 - 100	100 - 110
Sub-Totals/Averages	4,993	51 %	30 %	18 %	4,993	75.6 %	\$168.77	\$127.53	4,993	76.7 %	\$173.74	\$133.20	99.5 %	94.5 %
Secondary Competitors	1,751	26 %	45 %	29 %	882	78.5 %	\$218.80	\$171.71	1,005	79.1 %	\$226.89	\$179.40	102.6 %	127.3 %
Totals/Averages	6,744	47 %	33 %	20 %	5,875	76.0 %	\$176.52	\$134.16	5,998	77.1 %	\$182.88	\$140.94	100.0 %	100.0 %

** Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.*

FIGURE 1-3 SECONDARY COMPETITOR(S) – OPERATING PERFORMANCE

Property	Number of Rooms	Est. Segmentation			Total Competitive Level	Weighted Annual Room Count	Estimated 2014			Estimated 2015			
		Meeting and Group	Commercial	Leisure			Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
Four Seasons Denver	239	35 %	35 %	30 %	75 %	179	75 - 80 %	\$290 - \$300	\$220 - \$230	179	75 - 80 %	\$300 - \$325	\$240 - \$250
Ritz-Carlton Denver	202	35	40	25	75	152	75 - 80	290 - 300	220 - 230	152	75 - 80	300 - 325	220 - 230
Hotel Teatro	109	25	40	35	70	76	70 - 75	220 - 230	160 - 170	76	70 - 75	230 - 240	170 - 180
Hilton Garden Inn Denver Downtown	221	25	50	25	70	155	80 - 85	160 - 170	130 - 140	155	80 - 85	170 - 180	140 - 150
Aloft Denver Downtown	140	20	50	30	70	2	35 - 40	160 - 170	65 - 70	98	90 - 95	190 - 200	180 - 190
Hampton Inn Denver Convention Center	120	15	60	25	70	84	70 - 75	170 - 180	125 - 130	84	75 - 80	180 - 190	130 - 140
Homewood Suites Denver Convention Center	182	15	50	35	65	118	75 - 80	160 - 170	130 - 140	118	80 - 85	170 - 180	140 - 150
Hyatt Place Denver Downtown	248	25	45	30	65					19	50 - 55	170 - 180	90 - 95
Hyatt House Denver Downtown	113	20	40	40	65					9	55 - 60	160 - 170	95 - 100
Courtyard by Marriott Denver Downtown	177	30	45	25	65	115	80 - 85	170 - 180	140 - 150	115	75 - 80	200 - 210	160 - 170
Totals/Averages	1,751	26 %	45 %	29 %	69 %	882	78.5 %	\$218.80	\$171.71	1,005	79.1 %	\$226.89	\$179.40

* Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.



As illustrated in the previous table, the market comprises a variety of hotels with which the subject property is expected to compete. Our forecast of income and expense is based on these current performance levels, as well as market changes expected to occur. These changes are discussed in depth in the market area and hotel demand trends chapters of this report.

Forecast Results

Our forecast of income and expense is presented in the following table.

FIGURE 1-4 DETAILED FORECAST OF INCOME AND EXPENSE

	Historical Operating Results																																															
	2015/16 Fiscal Year Ending July								2016 Actuals through July								2017								2018								2019								Stabilized							
Number of Rooms:	1100								1100								1100								1100								1100								1100							
Occupancy (Paid Rooms):	74%								74%								75%								73%								74%								74%							
Average Rate:	\$193.02								\$194.40								\$199.26								\$201.26								\$203.27								\$209.37							
RevPAR:	\$143.43								\$143.86								\$149.45								\$146.92								\$150.42								\$154.93							
Days Open:	365								365								365								365								365								365							
Occupied Rooms (Paid):	298,332	%Gross	PAR	POR	297,110	%Gross	PAR	POR	301,125	%Gross	PAR	POR	293,095	%Gross	PAR	POR	297,110	%Gross	PAR	POR	297,110	%Gross	PAR	POR	297,110	%Gross	PAR	POR																				
OPERATING REVENUE																																																
Rooms	\$57,585	60.9	%	\$52,350	\$193.02	\$57,759	62.1	%	\$52,508	\$194.40	\$60,003	62.3	%	\$54,548	\$199.26	\$58,987	61.4	%	\$53,625	\$201.26	\$60,393	60.9	%	\$54,903	\$203.27	\$62,205	60.9	%	\$56,550	\$209.37																		
Food	25,390	26.9		23,081	85.10	25,176	27.1		22,888	84.74	25,932	26.9		23,574	86.12	26,437	27.5		24,033	90.20	27,775	28.0		25,250	93.49	28,609	28.0		26,008	96.29																		
Beverage	5,250	5.6		4,773	17.60	5,086	5.5		4,624	17.12	5,239	5.4		4,763	17.40	5,354	5.6		4,868	18.27	5,611	5.7		5,101	18.89	5,780	5.7		5,254	19.45																		
Other Operated Departments	528	0.6		480	1.77	382	0.4		347	1.28	391	0.4		355	1.30	397	0.4		361	1.36	411	0.4		374	1.38	423	0.4		385	1.42																		
Parking	3,392	3.6		3,084	11.37	3,413	3.7		3,103	11.49	3,505	3.6		3,186	11.64	3,545	3.7		3,222	12.09	3,676	3.7		3,342	12.37	3,786	3.7		3,442	12.74																		
Miscellaneous Income	2,338	2.5		2,125	7.84	1,228	1.3		1,116	4.13	1,257	1.3		1,143	4.18	1,278	1.3		1,162	4.36	1,322	1.3		1,202	4.45	1,362	1.3		1,238	4.58																		
Total Operating Revenues	94,483	100.0		85,894	316.70	93,044	100.0		84,586	313.16	96,327	100.0		87,570	319.89	95,999	100.0		87,271	327.53	99,188	100.0		90,171	333.84	102,164	100.0		92,877	343.86																		
DEPARTMENTAL EXPENSES *																																																
Rooms	14,647	25.4		13,316	49.10	14,744	25.5		13,404	49.63	15,120	25.2		13,746	50.21	15,332	26.0		13,938	52.31	15,878	26.3		14,434	53.44	16,354	26.3		14,867	55.04																		
Food & Beverage	18,354	59.9		16,685	61.52	18,481	61.1		16,801	62.20	18,934	60.7		17,213	62.88	19,238	60.5		17,489	65.64	19,902	59.6		18,093	66.99	20,499	59.6		18,636	68.99																		
Other Operated Departments	407	77.0		370	1.36	410	107.4		373	1.38	418	107.1		380	1.39	428	107.7		389	1.46	441	107.4		401	1.49	455	107.4		413	1.53																		
Parking	1,304	38.4		1,185	4.37	1,314	38.5		1,194	4.42	1,343	38.3		1,221	4.46	1,371	38.7		1,246	4.68	1,415	38.5		1,286	4.76	1,457	38.5		1,325	4.90																		
Total	34,712	36.7		31,556	116.35	34,949	37.6		31,772	117.63	35,816	37.2		32,560	118.94	36,369	37.9		33,063	124.09	37,636	37.9		34,214	126.67	38,765	37.9		35,241	130.47																		
DEPARTMENTAL INCOME	59,771	63.3		54,338	200.35	58,095	62.4		52,813	195.53	60,511	62.8		55,010	200.95	59,629	62.1		54,209	203.45	61,552	62.1		55,957	207.17	63,399	62.1		57,636	213.39																		
UNDISTRIBUTED OPERATING EXPENSES																																																
Administrative & General	6,022	6.4		5,474	20.18	6,065	6.5		5,514	20.41	6,209	6.4		5,645	20.62	6,313	6.6		5,739	21.54	6,502	6.6		5,911	21.88	6,697	6.6		6,088	22.54																		
Info. and Telecom. Systems	1,676	1.8		1,524	5.62	1,688	1.8		1,535	5.68	1,729	1.8		1,571	5.74	1,757	1.8		1,598	6.00	1,810	1.8		1,646	6.09	1,864	1.8		1,695	6.28																		
Marketing	4,884	5.2		4,440	16.37	4,919	5.3		4,472	16.56	5,036	5.2		4,578	16.72	5,120	5.3		4,654	17.47	5,273	5.3		4,794	17.75	5,432	5.3		4,938	18.28																		
Prop. Operations & Maint.	3,271	3.5		2,974	10.96	3,295	3.5		2,995	11.09	3,373	3.5		3,067	11.20	3,429	3.6		3,118	11.70	3,532	3.6		3,211	11.89	3,638	3.6		3,307	12.25																		
Utilities	1,552	1.6		1,411	5.20	1,563	1.7		1,421	5.26	1,600	1.7		1,455	5.31	1,627	1.7		1,479	5.55	1,676	1.7		1,523	5.64	1,726	1.7		1,569	5.81																		
Total	17,405	18.4		15,823	58.34	17,530	18.8		15,936	59.00	17,947	18.6		16,316	59.60	18,246	19.0		16,588	62.25	18,794	19.0		17,085	63.25	19,357	19.0		17,598	65.15																		
GROSS HOUSE PROFIT	42,367	44.8		38,515	142.01	40,565	43.6		36,877	136.53	42,563	44.2		38,694	141.35	41,383	43.1		37,621	141.19	42,759	43.1		38,872	143.92	44,042	43.1		40,038	148.23																		
Management Fee	4,811	5.1		4,374	16.13	2,791	3.0		2,538	9.39	2,890	3.0		2,627	9.60	2,880	3.0		2,618	9.83	2,976	3.0		2,705	10.02	3,065	3.0		2,786	10.32																		
INCOME BEFORE NON-OPER. INC. & EXP.	37,556	39.7		34,141	125.89	37,773	40.6		34,339	127.14	39,674	41.2		36,067	131.75	38,503	40.1		35,003	131.37	39,783	40.1		36,167	133.90	40,977	40.1		37,252	137.92																		
NON-OPERATING INCOME AND EXPENSE																																																
Property Taxes	5,117	5.4		4,652	17.15	4,756	5.1		4,323	16.01	4,875	5.1		4,432	16.19	5,021	5.2		4,564	17.13	5,172	5.2		4,701	17.41	5,327	5.2		4,842	17.93																		
Insurance	449	0.5		408	1.51	453	0.5		412	1.52	462	0.5		420	1.53	474	0.5		431	1.62	488	0.5		444	1.64	503	0.5		457	1.69																		
Equipment Rental	148	0.2		135	0.50	149	0.2		136	0.50	152	0.2		138	0.51	156	0.2		142	0.53	161	0.2		146	0.54	166	0.2		150	0.56																		
Reserve for Replacement	0	0.0		0	0.00	3,722	4.0		3,383	12.53	3,853	4.0		3,503	12.80	3,840	4.0		3,491	13.10	3,968	4.0		3,607	13.35	4,087	4.0		3,715	13.75																		
Total	5,714	6.0		5,195	19.15	9,080	9.8		8,254	30.56	9,342	9.8		8,493	31.02	9,491	9.9		8,628	32.38	9,788	9.9		8,898	32.94	10,081	9.9		9,165	33.93																		
EBITDA LESS RESERVE	\$31,842	33.7	%	\$28,947	\$106.73	\$28,693	30.8	%	\$26,085	\$96.58	\$30,331	31.4	%	\$27,574	\$100.73	\$29,013	30.2	%	\$26,375	\$98.99	\$29,996	30.2	%	\$27,269	\$100.96	\$30,896	30.2	%	\$28,087	\$103.99																		

*Departmental expenses are expressed as a percentage of departmental revenues.

NOI adjusted to reflect a

3.0% mgmt fee and a 4.0% reserve	\$30,039	31.8 %
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FIGURE 1-5 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2016		2017		2018		2019		2020		2021		2022		2023		2024		2025	
Number of Rooms:	1100		1100		1100		1100		1100		1100		1100		1100		1100		1100	
Occupied Rooms:	297,110		301,125		293,095		297,110		297,110		297,110		297,110		297,110		297,110		297,110	
Occupancy:	74%		75%		73%		74%		74%		74%		74%		74%		74%		74%	
Average Rate:	\$194.40		\$199.26		\$201.26		\$203.27		\$209.37		\$215.65		\$222.12		\$228.78		\$235.64		\$242.71	
RevPAR:	\$143.86	% of Gross	\$149.45	% of Gross	\$146.92	% of Gross	\$150.42	% of Gross	\$154.93	% of Gross	\$159.58	% of Gross	\$164.37	% of Gross	\$169.30	% of Gross	\$174.38	% of Gross	\$179.61	% of Gross
OPERATING REVENUE																				
Rooms	\$57,759	62.1 %	\$60,003	62.3 %	\$58,987	61.4 %	\$60,393	60.9 %	\$62,205	60.9 %	\$64,071	60.9 %	\$65,993	60.9 %	\$67,973	60.9 %	\$70,012	60.9 %	\$72,113	60.9 %
Food	25,176	27.1	25,932	26.9	26,437	27.5	27,775	28.0	28,609	28.0	29,467	28.0	30,351	28.0	31,261	28.0	32,199	28.0	33,165	28.0
Beverage	5,086	5.5	5,239	5.4	5,354	5.6	5,611	5.7	5,780	5.7	5,953	5.7	6,132	5.7	6,315	5.7	6,505	5.7	6,700	5.7
Other Operated Departments	382	0.4	391	0.4	397	0.4	411	0.4	423	0.4	436	0.4	449	0.4	463	0.4	477	0.4	491	0.4
Parking	3,413	3.7	3,505	3.6	3,545	3.7	3,676	3.7	3,786	3.7	3,900	3.7	4,017	3.7	4,137	3.7	4,261	3.7	4,389	3.7
Miscellaneous Income	1,228	1.3	1,257	1.3	1,278	1.3	1,322	1.3	1,362	1.3	1,403	1.3	1,445	1.3	1,488	1.3	1,533	1.3	1,579	1.3
Total Operating Revenue	93,044	100.0	96,327	100.0	95,999	100.0	99,188	100.0	102,164	100.0	105,229	100.0	108,386	100.0	111,638	100.0	114,986	100.0	118,437	100.0
DEPARTMENTAL EXPENSES*																				
Rooms	14,744	25.5	15,120	25.2	15,332	26.0	15,878	26.3	16,354	26.3	16,845	26.3	17,350	26.3	17,870	26.3	18,407	26.3	18,959	26.3
Food & Beverage	18,481	61.1	18,934	60.7	19,238	60.5	19,902	59.6	20,499	59.6	21,114	59.6	21,747	59.6	22,400	59.6	23,072	59.6	23,764	59.6
Other Operated Departments	410	107.4	418	107.1	428	107.7	441	107.4	455	107.4	468	107.4	482	107.4	497	107.4	512	107.4	527	107.4
Parking	1,314	38.5	1,343	38.3	1,371	38.7	1,415	38.5	1,457	38.5	1,501	38.5	1,546	38.5	1,592	38.5	1,640	38.5	1,689	38.5
Total	34,949	37.6	35,816	37.2	36,369	37.9	37,636	37.9	38,765	37.9	39,928	37.9	41,126	37.9	42,359	37.9	43,630	37.9	44,939	37.9
DEPARTMENTAL INCOME	58,095	62.4	60,511	62.8	59,629	62.1	61,552	62.1	63,399	62.1	65,301	62.1	67,260	62.1	69,278	62.1	71,356	62.1	73,497	62.1
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	6,065	6.5	6,209	6.4	6,313	6.6	6,502	6.6	6,697	6.6	6,898	6.6	7,105	6.6	7,318	6.6	7,538	6.6	7,764	6.6
Info. and Telecom. Systems	1,688	1.8	1,729	1.8	1,757	1.8	1,810	1.8	1,864	1.8	1,920	1.8	1,978	1.8	2,037	1.8	2,098	1.8	2,161	1.8
Marketing	4,919	5.3	5,036	5.2	5,120	5.3	5,273	5.3	5,432	5.3	5,595	5.3	5,762	5.3	5,935	5.3	6,113	5.3	6,297	5.3
Prop. Operations & Maint.	3,295	3.5	3,373	3.5	3,429	3.6	3,532	3.6	3,638	3.6	3,747	3.6	3,860	3.6	3,976	3.6	4,095	3.6	4,218	3.6
Utilities	1,563	1.7	1,600	1.7	1,627	1.7	1,676	1.7	1,726	1.7	1,778	1.7	1,831	1.7	1,886	1.7	1,943	1.7	2,001	1.7
Total	17,530	18.8	17,947	18.6	18,246	19.0	18,794	19.0	19,357	19.0	19,938	19.0	20,536	19.0	21,152	19.0	21,787	19.0	22,440	19.0
GROSS HOUSE PROFIT	40,565	43.6	42,563	44.2	41,383	43.1	42,759	43.1	44,042	43.1	45,363	43.1	46,724	43.1	48,126	43.1	49,569	43.1	51,057	43.1
Management Fee	2,791	3.0	2,890	3.0	2,880	3.0	2,976	3.0	3,065	3.0	3,157	3.0	3,252	3.0	3,349	3.0	3,450	3.0	3,553	3.0
INCOME BEFORE NON-OPER. INC. & EXP.	37,773	40.6	39,674	41.2	38,503	40.1	39,783	40.1	40,977	40.1	42,206	40.1	43,472	40.1	44,777	40.1	46,120	40.1	47,504	40.1
NON-OPERATING INCOME AND EXPENSE																				
Property Taxes	4,756	5.1	4,875	5.1	5,021	5.2	5,172	5.2	5,327	5.2	5,487	5.2	5,651	5.2	5,821	5.2	5,995	5.2	6,175	5.2
Insurance	453	0.5	462	0.5	474	0.5	488	0.5	503	0.5	518	0.5	533	0.5	549	0.5	566	0.5	583	0.5
Equipment Rental	149	0.2	152	0.2	156	0.2	161	0.2	166	0.2	170	0.2	176	0.2	181	0.2	186	0.2	192	0.2
Reserve for Replacement	3,722	4.0	3,853	4.0	3,840	4.0	3,968	4.0	4,087	4.0	4,209	4.0	4,335	4.0	4,466	4.0	4,599	4.0	4,737	4.0
Total	9,080	9.8	9,342	9.8	9,491	9.9	9,788	9.9	10,081	9.9	10,384	9.9	10,695	9.9	11,016	9.9	11,347	9.9	11,687	9.9
EBITDA LESS RESERVE	\$28,693	30.8 %	\$30,331	31.4 %	\$29,013	30.2 %	\$29,996	30.2 %	\$30,896	30.2 %	\$31,822	30.2 %	\$32,777	30.2 %	\$33,760	30.2 %	\$34,773	30.2 %	\$35,817	30.2 %

*Departmental expenses are expressed as a percentage of departmental revenues.



As illustrated, the hotel is expected to stabilize at a profitable level. Our positioning of each revenue and expense level is supported by comparable operations or trends specific to this market.



2. Nature of the Assignment

Subject of the Market Study

The subject of the study is the 2.44-acre (106,400-square-foot) parcel improved with a full-service, convention headquarters lodging facility known as the Hyatt Regency Denver Colorado Convention Center. The property, which opened in 2005, features 1,100 rooms, a restaurant and two lounges, 70,172 square feet of meeting space, an indoor pool, an outdoor whirlpool, a fitness center, spa treatment rooms, and a coffee and gift shop. The hotel also contains all necessary back-of-the-house space. The hotel's civic address is 650 15th Street, Denver, Colorado, 80202.

Pertinent Dates

The effective date of the report is September 22, 2016. The subject property was inspected by Ryan Mark and Brett E. Russell on September 6, 2016. In addition to the inspection, Ryan Mark participated in the research for this assignment and assisted in the report's preparation.

Ownership, Franchise, and Management History and Assumptions

The subject property is currently owned by Denver Convention Hotel Authority, which is based in Denver, Colorado. The subject property was built in 2005 for an undisclosed cost. No transfers of the property have reportedly occurred since its construction. The hotel is neither listed nor under contract for sale; furthermore, we have no knowledge of any recent listings.

The hotel is currently managed by Hyatt Hotels Corporation, under the Hyatt Regency affiliation. The agreement between the Denver Convention Central Hotel Authority and the Hyatt Corporation spans for 15 years from the 2005 opening date and can be terminated upon a sale of the hotel. Terms of this agreement call for a flat base-management fee, which scales higher with each subsequent year of the first four years of the term and by the difference of the index from the last month of the previous year compared to the index of the last month of the current year thereafter. In addition to the base management fee, a subordinate and super-subordinate fee are also included in the agreement. In 2015, the total management fee, including the base fee, subordinate fee, and super-subordinate fee was \$4,727,985, or approximately 5.1% of total revenues. Our appraisal assumes that the subject hotel will be managed by a professional hotel-operating company throughout the assumed holding period, with fees deducted at rates consistent with current market standards. We have assumed that new management fee terms would be contracted that would equate to 5.0% of our forecast revenues. This flat fee is considered to appropriately reflect what a qualified management company would require for compensation in lieu of a typical base- and incentive-fee management structure. We have assumed a market-appropriate total management



fee of 3.0% of total revenues in our study. Please refer to the forecast of income and expense chapter for additional discussion pertaining to our management fee assumptions.

The hotel is expected to remain managed by the brand throughout the forecast period; therefore, the property will not be subject to franchise fees.

Hyatt Hotels Corporation, headquartered in Chicago, is a leading global hospitality company. The company's subsidiaries manage, franchise, own, and develop hotels and resorts under the Hyatt, Park Hyatt, Andaz, Grand Hyatt, Hyatt Regency, Hyatt Place, Hyatt House, Hyatt Zilara, and Hyatt Ziva brand names, with locations on six continents. The Hyatt is an upper-upscale, full-service brand that competes with mid-size hotels and independent boutique hotels in larger cities. Hyatt hotels have 200 to 600 rooms that are thoughtfully appointed, with the flexibility to adapt to business or leisure stays. The meeting space is limited to smaller groups and gatherings. Food and beverage concepts are creatively tailored to suit the location and provide spaces that cater to individual travelers. As of year-end 2015, there were 33 Hyatt properties (7,307 hotel rooms) in operation. In 2015, the brand operated at an average occupancy level of 78.0%, with an average daily rate of \$202.38 and an average RevPAR of \$157.90.

We assume that the hotel will retain its current brand affiliation throughout the holding period. Inherent in this assumption is the expectation that the property will be operated in accordance with brand standards, including requirements for services and cleanliness; that the hotel will be maintained in good condition, with all building systems in good working order; and that any necessary refurbishments or renovations will be completed in a timely manner and in accordance with the requirements of the brand. A copy of the franchise inspection report was not provided for our review. We assume that any deficiencies in the property noted by the brand will be addressed in a timely manner and that the hotel will pass all future franchise inspections.

Scope of Work

The methodology used to develop this study is based on the market research and valuation techniques set forth in the textbooks authored by Hospitality Valuation Services for the American Institute of Real Estate Appraisers and the Appraisal Institute, entitled *The Valuation of Hotels and Motels*,¹ *Hotels, Motels and Restaurants: Valuations and Market Studies*,² *The Computerized Income Approach*

¹ Stephen Rushmore, *The Valuation of Hotels and Motels*. (Chicago: American Institute of Real Estate Appraisers, 1978).

² Stephen Rushmore, *Hotels, Motels and Restaurants: Valuations and Market Studies*. (Chicago: American Institute of Real Estate Appraisers, 1983).

to *Hotel/Motel Market Studies and Valuations*,³ *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations*,⁴ and *Hotels and Motels – Valuations and Market Studies*,⁵ as well as in accordance with the Uniform System of Accounts for the Lodging Industry (USALI).

1. All information was collected and analyzed by the staff of TS Worldwide, LLC. **Information such as historical operating statements**, franchise and/or management agreements, site plans, floor plans, and leases, as applicable, were supplied by the client or property management.
2. **The subject site was evaluated from** the viewpoint of its utility for the development and operation of a hotel. The potential existence of surplus or excess land was investigated. We have reviewed adjacent uses, regional and local accessibility attributes, and visibility characteristics. A study of the local neighborhood was undertaken to determine its boundaries, land uses, recent developments, and life-cycle stage. Other aspects of the land, such as soil and subsoil conditions, nuisances, hazards, easements, encroachments, zoning, and the current flood zone of the property, have been evaluated.
3. **The subject property's improvements were inspected** to evaluate their current condition, quality of construction, and design and layout, including any items of physical deterioration or functional obsolescence. A list of facilities and amenities that the property offers has been compiled, and past upgrades of each area of the hotel have been investigated. Recent capital expenditures, as well as planned future upgrades, have been reviewed. The remaining economic life of the hotel has been estimated.
4. **Economic and demographic statistics for the** subject property's market have been reviewed to identify specific hospitality-related trends that may affect future demand for hotels. Workforce characteristics have been evaluated, including employment trends by sector and unemployment rates. Major businesses and industries operating in the local area were investigated, and local area office statistics and trends were reviewed, as available. Passenger levels and recent changes at the area's pertinent airport have been researched, and visitor demand generators have been identified and evaluated.

³ Stephen Rushmore, *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*. (Chicago: American Institute of Real Estate Appraisers, 1990).

⁴ Stephen Rushmore, *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations* (Chicago: Appraisal Institute, 1992).

⁵ Stephen Rushmore and Erich Baum, *Hotels and Motels – Valuations and Market Studies*. (Chicago: Appraisal Institute, 2001).

5. **An STR Trend Report pertaining to** historical trends in room-night supply, demand, occupancy, average rate, and RevPAR for the subject property and a group of selected competitors has been ordered and analyzed. Performance levels for each of the competitive hotels have been researched and/or estimated. Ownership, management, facilities, renovations, and other pertinent factors for the competitive properties have been investigated. Potential new hotel supply was researched and quantified. Occupancy levels of the subject property and its existing competition provide a basis for quantifying current accommodated demand in the market. The market for hotel accommodations is segmented based on the specific characteristics of the types of travelers utilizing the area's hotels. By segmenting the demand accommodated by each hotel, the total demand by market segment is quantified. The demand generated by each market segment is then projected by year up through a point of hypothetical market stabilization. Latent demand, if applicable, is estimated and added to the base demand forecast, resulting in a forecast of overall occupancy for the competitive market.
6. **Based on the physical, economic,** financial, and legal factors influencing the subject property, a conclusion regarding the property's highest and best use, as currently improved, was developed. The highest and best use of the subject land, as if vacant, was also evaluated based on current real estate trends and market conditions.
7. **Occupancy of the subject property was** projected based on a forecast of overall market penetration, or penetration by market segment. Average rate was projected based on competitive positioning, through the application of an overall ADR penetration rate, or penetration by each market segment's average rate.
8. **Historical income and expense statements for** the subject hotel have been reviewed, analyzed, and compared to the financial performance of comparable hotels. Inflation forecasts were researched, forming the basis for our own forecast of inflation. A projection of income and expense was prepared in accordance with the USALI, setting forth the anticipated economic benefits of the subject property. All projections are expressed in inflated dollars. Each line item has been reviewed individually. Amounts are forecast based on past performance, expected changes at the property in the future, and comparable hotel performance levels. Property taxes are forecast based on a review of past assessment levels, comparable hotel assessments, and historical tax rates.



3. Real Estate Overview

LAND

The suitability of the land for the operation of a lodging facility is an important consideration affecting the economic viability of a property and its ultimate marketability. Factors such as size, topography, access, visibility, and the availability of utilities have a direct impact on the desirability of a particular site.

The subject property is located in the Central Business District, in the west quadrant of the intersection formed by Welton Street and 15th Street. The street address of the Hyatt Regency Denver Colorado Convention Center is 650 15th Street, Denver, Colorado, 80202.

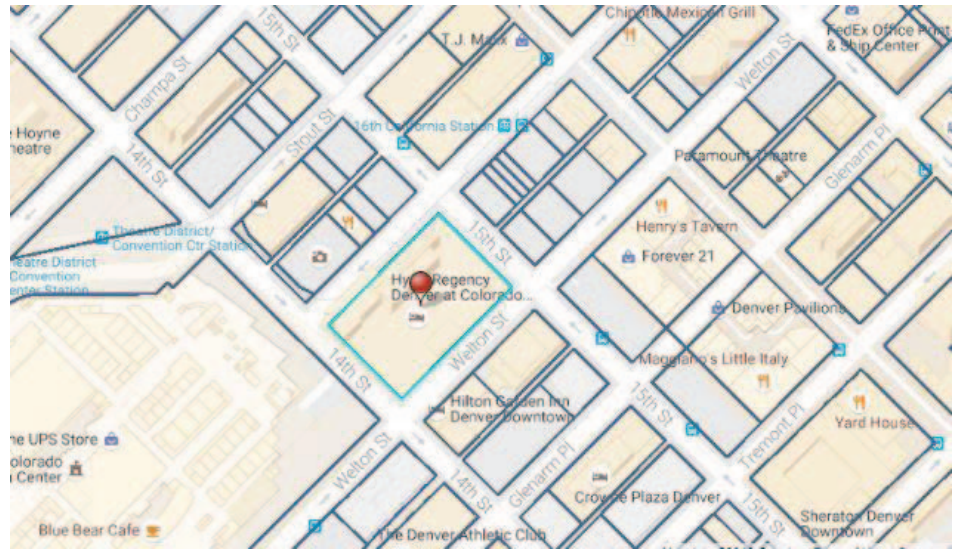
Physical Characteristics

The subject site measures approximately 2.44 acres, or 106,400 square feet. The subject site offers approximately 300 linear feet of frontage along 14th Street and 15th Street, as well as 450 linear feet of frontage along California Street and Welton Street, enhancing the access and visibility of the improvements. The parcel's adjacent uses are set forth in the following table.

FIGURE 3-1 SUBJECT MAIN PARCEL'S ADJACENT USES

Direction	Adjacent Use
North West	Bubba Gump Shrimp Co.
South West	Colorado Convention Center
South East	Downtown/Hampton by Hilton Denver
North East	Surface Parking Lot

PLAT MAP



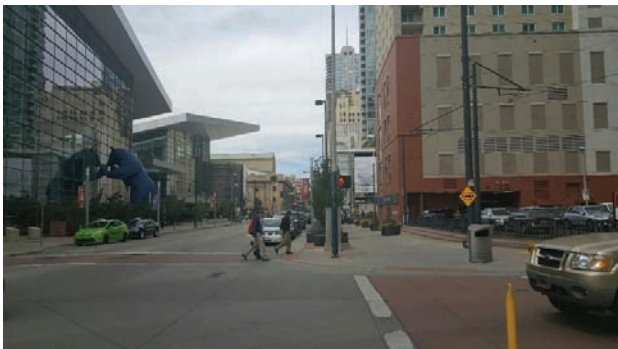
Site Utility

The topography of the site is generally flat, and the shape permits efficient use of the site for building and site improvements, including ingress and egress. The subject site does not contain any significant portion of undeveloped land that could be sold, entitled, and developed for alternate use. The site is fully developed with building and site improvements.

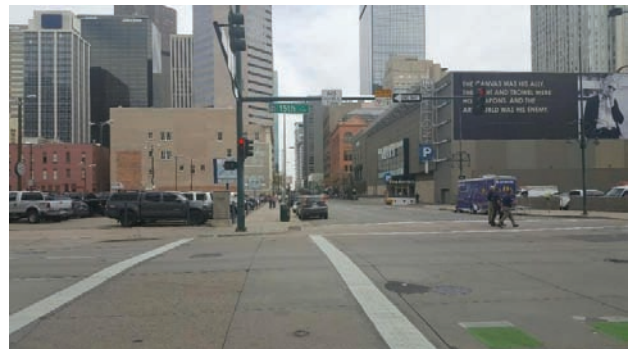
AERIAL PHOTOGRAPH



VIEW FROM SITE TO THE NORTHWEST



VIEW FROM SITE TO THE NORTHEAST



VIEW FROM SITE TO THE SOUTHWEST



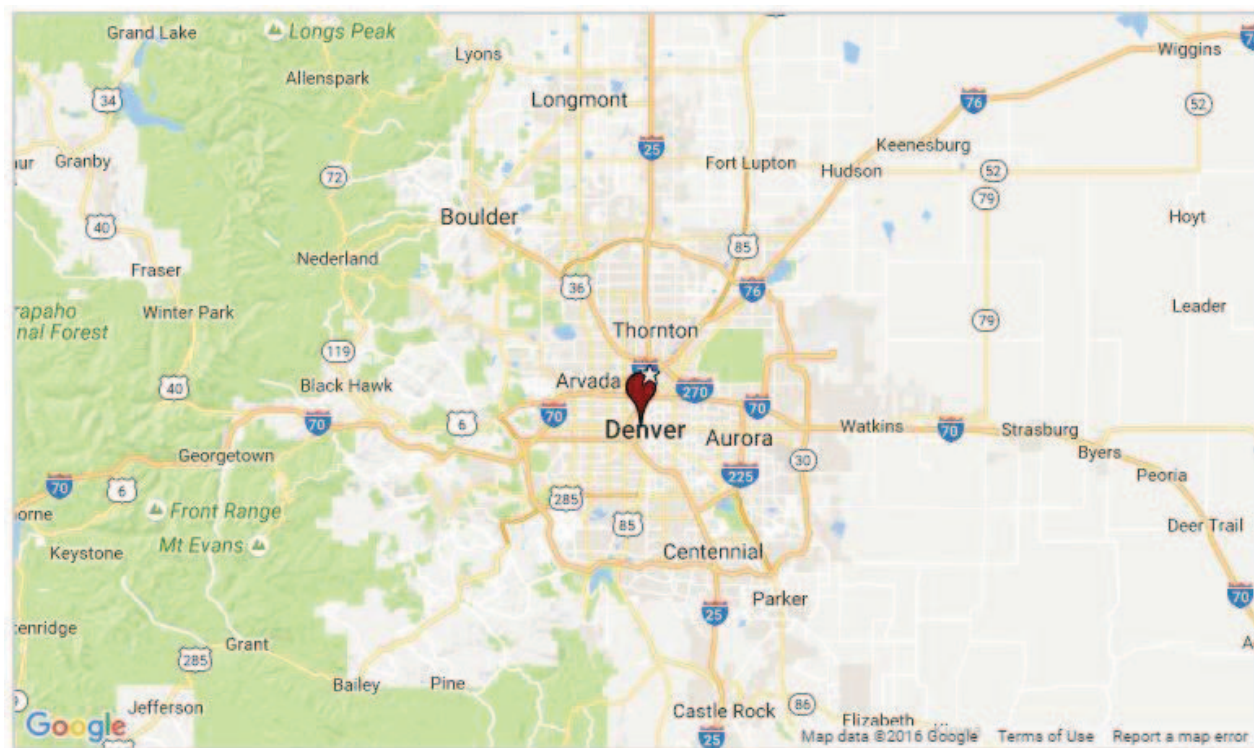
VIEW FROM SITE TO THE SOUTHEAST



Access and Visibility

It is important to analyze the site with respect to regional and local transportation routes and demand generators, including ease of access. The subject site is readily accessible to a variety of local and county roads, as well as state and interstate highways.

MAP OF REGIONAL ACCESS ROUTES



Primary regional access through the Denver area is provided by east/west Interstate 70, which extends to such cities as Kansas City, Missouri, to the east and Grand Junction to the west. North/south Interstate 25 is another major highway, providing access to such cities as Fort Collins to the north and Colorado Springs to the south. Interstate 76 extends in a northeast direction from Denver toward Nebraska, and additional expressways such as Interstate 225, E-470, and C-470 allow easy highway access through the suburban areas of Denver. The subject property's market is served by a variety of additional local routes, which are illustrated on the map.

Primary vehicular access to the subject property is provided by 15th Street, which leads to the hotel's front entrance. Access to the subject property's underground parking garage is provided by Welton Street. Furthermore, a pedestrian entrance to the property is located along California Street. The subject property is located at a busy intersection and is relatively simple to locate from Interstate 25, which is the nearest major highway. Moreover, the subject property benefits from its location along the Regional Transportation District's light-rail system, which



provides increased accessibility to the hotel. Overall, the subject property benefits from very good accessibility and excellent visibility attributes.

Airport and Metrorail Access

The subject property is served by the Denver International Airport, which is located approximately 15 miles to the northeast of the subject site. The greater Denver area is served by the Regional Transportation District (RTD) system, which offers both bus and light-rail service to cities such as Lone Tree, Denver, Westminster, Aurora, and Golden. The system features more than 150 bus routes and eight rail lines. The light-rail system is a popular mode of transportation for both residents and visitors, providing access to many parts of the Denver-Aurora-Lakewood MSA. In an effort to support the substantial population and tourism growth that has occurred in the Denver Metro area over the past five years, the City of Denver has focused on expanding and improving the light-rail system. The FasTracks "A" Line, which links Union Station in Downtown Denver with Denver International Airport, began operation in April 2016. The "A" Line is the first rapid transit system to provide service to Denver International Airport and is considered a significant improvement to the area's infrastructure, serving more than 100,000 passengers in its first week of operation. In addition to the existing light-rail lines, three additional lines are expected to begin operation in 2016, with another four lines planned for operation by 2019. The closest RTD light-rail stops to the subject site are the Theatre District/Convention Center Station and the 16th Street/Stout Station, with service provided by the D, F, and H Lines.

Neighborhood

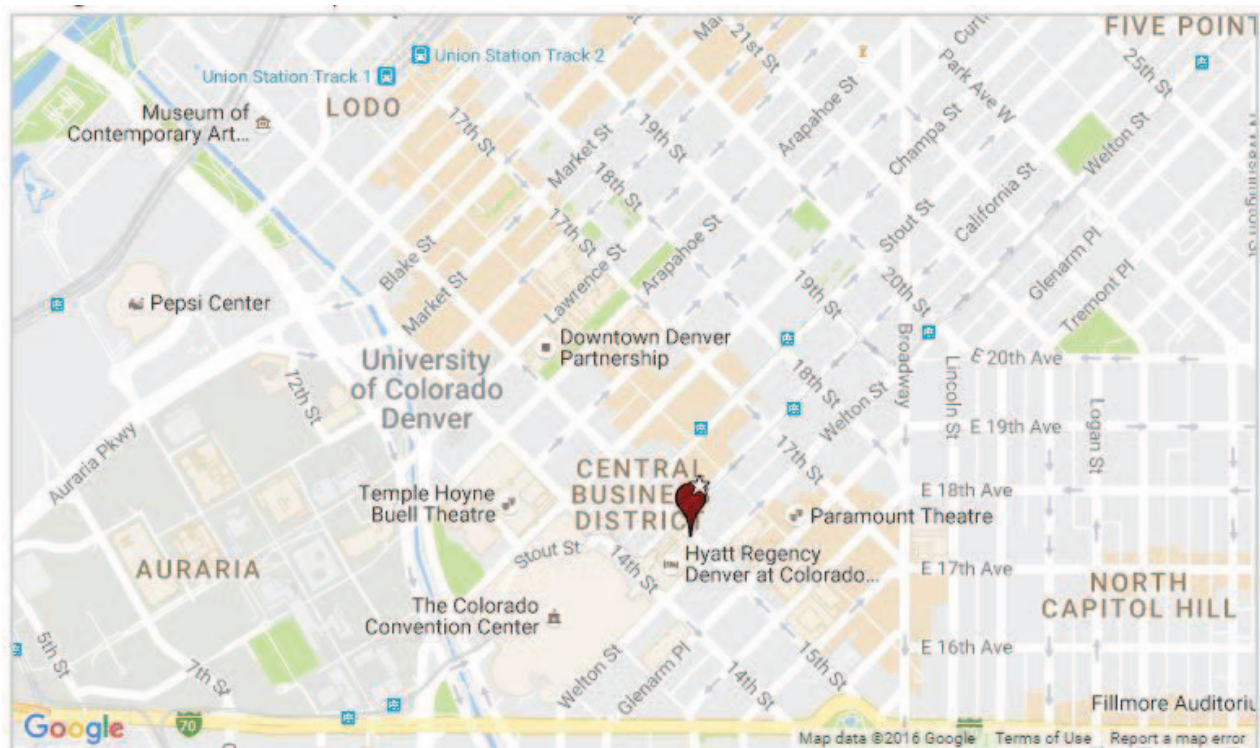
The neighborhood surrounding a lodging facility often has an impact on a hotel's status, image, class, style of operation, and sometimes its ability to attract and properly serve a particular market segment.

The subject property's Central Business District (CBD) neighborhood is generally defined by Lawrence Street to the north, Broadway to the east, North Speer Boulevard to the west, and Colfax Avenue/U.S. Highway 287 to the south. The neighborhood is characterized by restaurants, high-rise office buildings, retail shopping centers, and multi-family residential buildings. Some specific businesses and entities in the area include the Colorado Convention Center, Denver Center For The Performing Arts, 16th Street Mall, U.S. Social Security Administration, and CenturyLink. Restaurants located near the subject property include La Fondue, Sam's No. 3, Kevin Taylor's, and Ruth's Chris Steak House; the proximity of these restaurants is considered supportive of the operation of a full-service lodging property. Hotels in the vicinity of the subject site include the Aloft Denver Downtown, Embassy Suites by Hilton, Grand Hyatt, Courtyard by Marriott, Hampton by Hilton, Homewood Suites by Hilton, and the Hilton Garden Inn.

In general, this neighborhood is in the revitalization stage of its life cycle, as some surface parking lots have been sold to developers. Several projects are currently

underway within the CBD, including the dual-branded AC by Marriott/Le Méridien Hotel that is being constructed along California Street, directly across from the subject property. In addition, 1144 15th Street, the largest and tallest office-building project in Downtown Denver, began construction mid-year 2015. The building, which is being developed by Hines, is expected to become one of the tallest buildings in Denver at 40 stories and will include 671,101 square feet of office space. Construction on 1144 15th Street is scheduled for completion in late 2017. In total, five projects are under construction within the subject property's neighborhood, while another three projects have been proposed for development. Overall, the supportive nature of the development in the immediate area is considered appropriate for and conducive to the operation of a hotel.

MAP OF NEIGHBORHOOD

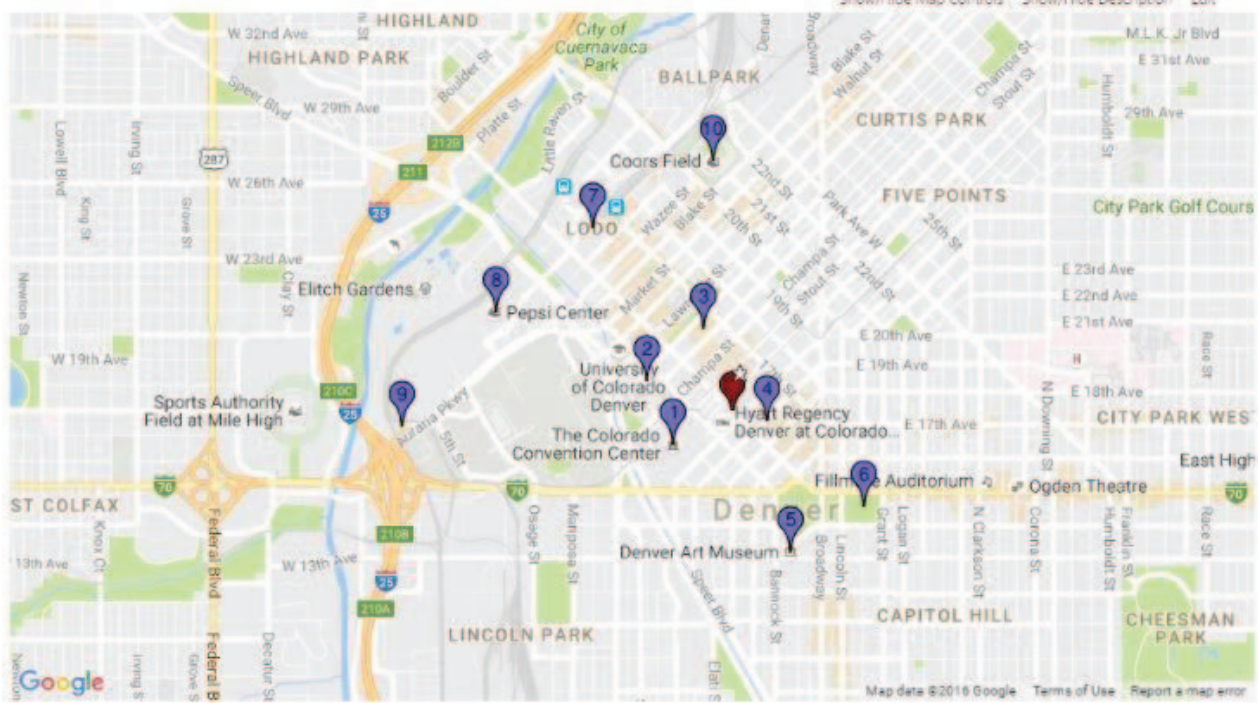




Proximity to Local Demand Generators and Attractions

The subject property is located near the area's primary generators of lodging demand. A sample of these demand generators is reflected on the following map, including respective distances from and drive times to the subject property. In addition to these nearby demand generators, the subject property also captures demand from tourists visiting the national parks located outside of Denver. Overall, the subject property is well situated with respect to demand generators.

ACCESS TO DEMAND GENERATORS AND ATTRACTIONS



Demand Generator	Approx. Driving Time/Distance from Subject Property	
Subject Property		
The Colorado Convention Center	1 minute	0 mile
The Denver Center For The Performing Arts	2 minutes	1 mile
16th Street Mall	2 minutes	1 mile
Denver Pavilions	3 minutes	1 mile
Denver Art Museum	4 minutes	1 mile
Colorado State Capitol	4 minutes	1 mile
Union Station	5 minutes	1 mile
Pepsi Center	5 minutes	2 miles
Sports Authority Field at Mile High	6 minutes	2 miles
Coors Field	7 minutes	2 miles

**Utilities**

According to property ownership, the subject site is served by all necessary utilities.

**Soil and
Subsoil Conditions**

Geological and soil reports were not provided to us or made available for our review during the preparation of this report. We are not qualified to evaluate soil conditions other than by a visual inspection of the surface; no extraordinary conditions were apparent.

**Nuisances
and Hazards**

We were not informed of any site-specific nuisances or hazards, and there were no visible signs of toxic ground contaminants at the time of our inspection. Because we are not experts in this field, we do not warrant the absence of hazardous waste and urge the reader to obtain an independent analysis of these factors.

Flood Zone

According to the Federal Emergency Management Agency map illustrated below, the subject site is located in flood zone Zone X.

COPY OF FLOOD MAP AND COVER



The flood zone definition for the Zone X designation is as follows: areas outside the 500-year flood plain; areas of the 500-year flood; areas of the 100-year flood with average depths of less than one foot or with drainage areas less than one square mile and areas protected by levees from the 100-year flood.



Zoning

According to the local planning office, the subject property is zoned as follows: PUD/CBD - Planned Unit Development/Central Business District. This zoning designation allows for most commercial uses, including office complexes, retail and service establishments, and hotels and motels. We assume that all necessary permits and approvals have been secured (including the appropriate liquor license if applicable) and that the subject property was constructed in accordance with local zoning ordinances, building codes, and all other applicable regulations. Our zoning analysis should be verified before any physical changes are made to the hotel.

Easements and Encroachments

We are not aware of any easements or encroachments encumbering the property that would significantly affect its utility or marketability.

Conclusion

We have analyzed the issues of size, topography, access, visibility, and the availability of utilities. The subject site is favorably located in the heart of Downtown Denver, within walking distance of numerous dining establishments, the convention center, and other demand generators. In general, the site is well suited for hotel use, with acceptable access, visibility, and topography for an effective operation.

IMPROVEMENTS

The quality of a lodging facility's physical improvements has a direct influence on its marketability and attainable occupancy and average rate. The design and functionality of the structure can also affect operating efficiency and overall profitability.

The descriptions and pictures presented in this section reflect the hotel as observed at the time of our inspection on September 6, 2016.

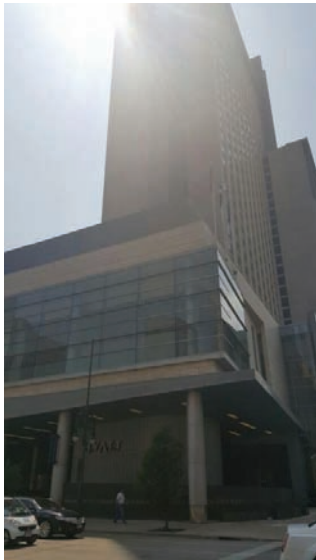
Property Overview

The Hyatt Regency Denver Colorado Convention Center is an full-service, convention headquarters lodging facility containing 1,100 rentable units. The Hyatt Regency Denver Colorado Convention Center, the second-largest hotel in Denver, serves as the headquarters hotel for the Colorado Convention Center. Originally constructed in 2005, the subject hotel was designed and developed by the City of Denver in an effort to secure larger citywide convention business and pave the way for Denver to represent one of the United States' top convention destinations. Denver was ranked by *CVENT* as one of the top 25 convention destinations in the U.S. for 2016. The hotel was designed and developed as a Hyatt Regency in 2005; the configuration and array of facilities and amenities are consistent with Hyatt's standards for the Hyatt Regency brand as of that date. The property has undergone significant renovations since its opening and is in overall very good condition. Based on our inspection of the property and understanding of current brand standards, we are of the opinion that a new owner would need to



complete only minor upgrades and would anticipate funding these from the forecasted reserve for replacement. However, we note that we have not been provided a property improvement plan (PIP) and its associated cost. If the scope and related costs of the actual PIP exceed the annual reserve for replacement, then our value conclusion could be negatively affected.

SUBJECT PROPERTY – FRONT OF HOTEL



SUBJECT PROPERTY – BACK OF HOTEL



Summary of the Facilities

Based on our inspection and information provided by the subject property's management representatives, the following table summarizes the facilities available at the subject property.

FIGURE 3-2 FACILITIES SUMMARY

Guestroom Configuration		Number of Units	
King		582	
Queen/Double		457	
Hospitality Suite		12	
Studio Suite		28	
One-Bedroom Suite		17	
Monarch Parlor		2	
Monarch King		2	
Total		1,100	
Food & Beverage Facilities		Seating Capacity	Type of Service
Altitude		384	Restaurant
Peaks Lounge		157	Lounge
Perks Coffee & More		16	Coffee Shop
Strata		155	Lobby Bar
			Meals Served
			Breakfast, Lunch, & Dinner
			Appetizers & Drinks
			Coffee
			Appetizers & Drinks
Meeting & Banquet Facilities		Square Footage	Location/Floor
Centennial Ballroom		30,000	3rd Floor
Centennial Foyer		10,600	3rd Floor
Mineral Hall		8,154	3rd Floor
Agate		1,800	3rd Floor
Granite		1,647	3rd Floor
Quartz		1,100	3rd Floor
Slate		288	3rd Floor
Capitol Ballroom		14,000	4th Floor
Limestone		560	4th Floor
Marble		540	4th Floor
Sandstone		525	4th Floor
Flagstone A		99	4th Floor
Flagstone B		99	4th Floor
Summit 25		380	25th Floor
Summit 26		380	26th Floor
Total		70,172	
Amenities & Services			
Indoor Swimming Pool		Spa-Treatment Rooms (leased)	
Outdoor Whirlpool		Business Center	
Fitness Center		Car-Rental Service	
Regency Club (Concierge Lounge)			

Site Improvements and Hotel Structure

Once guests enter the site, parking is available in the underground, structured parking garage that exists below the lobby level. In addition to the parking structure, there is limited surface parking along the front drive, which is utilized for short-term valet parking. Both valet and self-parking are available. The parking area was in very good condition; the parking garage lot was resealed and re-stripped in 2013. Signage is located at the entrance of the hotel property; additional signage is located at the top of the northern and southern façades of the building. The area's landscaping was in very good condition, featuring area shrubs, flowerbeds, and planters; however, landscaping is minimal given the hotel's urban location. Sidewalks are present along the front entrance and appeared in very



good condition. Overall, the site improvements were in very good condition upon inspection.

FIGURE 3-3 INFRASTRUCTURE

Component		Description
Structure - Marshall & Swift Construction Class		A - Fireproof Structural Steel Frame
Foundation		Poured concrete slab on grade
Roof		Corrugated steel deck with EPDM covering
Exterior		Concrete block construction
Elevators	Guest	14
	Service	7
HVAC	Guestrooms	Four-pipe fan coil system
	Public Areas	Forced Draft Air
Fire Safety	Sprinklers	Fully sprinklered
	Detectors	Hard-wired smoke detectors
Basement		Mechanical Rooms and Hotel Laundry
Parking		544

The hotel comprises one 37-story building. The hotel's exterior was in very good condition; there were no major problems observed or reported pertaining to the hotel's exterior finish. The hotel's elevators and stairways are functional, appearing to be well kept upon inspection. The roof is original to the hotel's construction in 2005; no recent changes were noted. There were no problems reported with the hotel's foundation, structure, or windows; furthermore, we did not observe any deficiencies with these areas.

Lobby

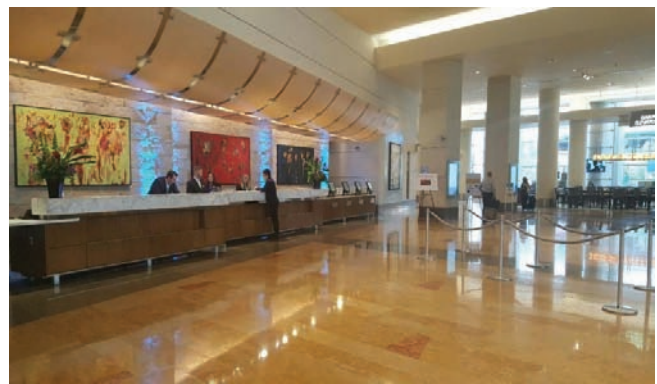
Guests may enter the hotel through one of three entrances. The hotel's main entrance, which leads directly into the lobby, is located on the southeast side of the building, while additional entrances exist on the northwest and southeast sides of the building. Overall, the entry points were in very good condition upon inspection. The lobby is spacious and appropriate for an upscale, full-service hotel. The lobby features naturally inspired stone walls, flooring, and accents;

furthermore, the lobby features a collection of local art and décor. The front desk, located in the northern portion of the room, features two long desks with wood bases and marble countertops. The furnishings and finishes in this space were in very good condition. No recent renovations were noted by management.

LOBBY SEATING AREA



FRONT DESK



Guestrooms

The hotel features standard and suite-style guestroom configurations, and guestrooms are found on levels five through thirty-seven of the one building. The rooms are adequately sized and offer typical amenities for an upper-upscale, full-service hotel. Suites are available for a premium rate and feature larger sleeping and living areas. Studio suites offer a wet-bar area, while one-bedroom suites feature a kitchen area with a full-size refrigerator and a wet-bar area with a sink. Guestrooms located on the 34th through the 37th floors, known as the Regency Club floors, are available to premier-status guests within the Hyatt Gold Passport program (or at a premium rate); the rooms feature upgraded amenities, high-end toiletries, and access to the Regency Club concierge lounge. A comprehensive renovation of the hotel's guestrooms was completed in 2014; furthermore, a portion of the one-bedroom suites were reconfigured to offer a more modern design. Overall, the guestrooms were in very good condition upon inspection.

Guestroom bathrooms are of a standard size, with a shower-in-tub, commode, and single sink with vanity area. A portion of the suite-style guestroom bathrooms feature a walk-in shower and upgraded bathroom fixtures. The fixtures were in very good condition upon inspection. The floors are finished with tile, and the walls are finished with wallcovering. Bathroom amenities include a hairdryer and complimentary toiletries. During the comprehensive guestroom renovation, the guest bathrooms received new showerheads, bathroom doors, lighting, and



wallcovering. Overall, the guestroom bathrooms appeared to be in very good condition.

TYPICAL GUESTROOM – SLEEPING AREA



TYPICAL GUESTROOM BATHROOM – SINK



TYPICAL GUESTROOM – LIVING AREA



TYPICAL GUESTROOM BATHROOM – BATH



The interior guestroom corridors are wide and functional, permitting the easy passage of housekeeping carts. The corridors received new carpeting, lighting, and wallcovering in 2014. Overall, the guestroom corridors were in very good condition.

**Food and Beverage
Facilities**

The hotel's restaurant, Altitude, is located on the first floor, directly north of the lobby. The restaurant features American cuisine and offers an outdoor patio area along California Street. This area appeared to be in good condition. In addition to the restaurant, the hotel features two lounges, Strata Bar and Peaks Lounge. Strata

Bar is located on the first floor, adjacent to the lobby, and offers appetizers and drinks in the evening. Peaks Lounge, located on the 27th floor, offers light dinner and drinks in the evening and is known for its breathtaking views over the Denver skyline. Lastly, a concierge lounge (Regency Club), located on the 35th floor, serves complimentary breakfast, snacks, evening hors d'oeuvres, and cocktails to guests with concierge lounge access. The sizes and layouts of these areas are appropriate for the food and beverage service offered by the hotel, and the furnishings and finishes were in good condition upon inspection. The food and beverage outlets were last renovated in 2013/14; upgrades included new carpeting and chair upholstery. Furthermore, in 2014, a comprehensive renovation of the concierge lounge was completed; upgrades included new flooring, lighting, wallcovering, furniture, and décor.

Overall, the hotel provides a competitive offering of food and beverage facilities for an upper-upscale, full-service property.

ALTITUDE RESTAURANT



PEAKS LOUNGE



Meeting Space

The hotel offers twelve meeting rooms and two ballrooms. The Centennial Ballroom, located on the third floor, is divisible into eight separate rooms, while the Capital Ballroom, located on the fourth floor, is divisible into seven separate rooms. The meeting rooms and ballrooms were in excellent condition at the time of inspection. The hotel's meeting space on the third and fourth floors was renovated in 2015; upgrades included new wallcovering, carpeting, furniture, and select lighting fixtures.

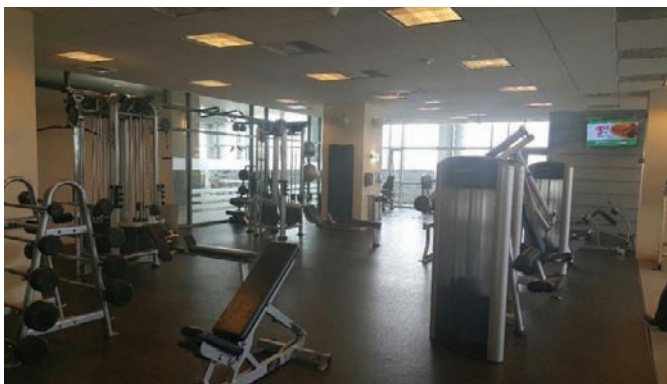
BALLROOM



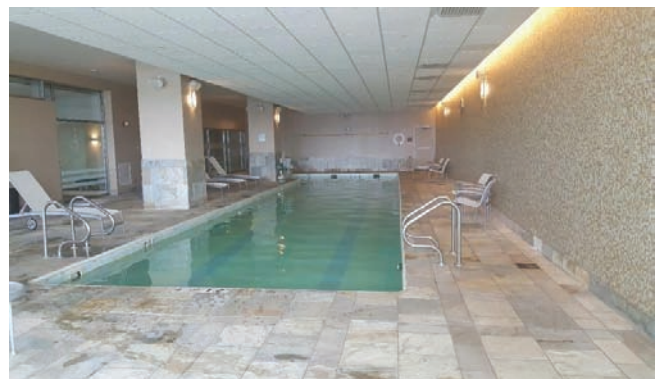
Recreational Facilities

The hotel features an indoor pool and an outdoor whirlpool, located on the fifth floor. There were no major problems reported with the pool operation, and the area was clean and attractive. The hotel offers a fitness center, located adjacent to the pool area, which was in very good condition at the time of our inspection. New wallcovering was installed in the fitness center in August 2016. In addition, two spa treatment rooms are located at the entrance of the fitness center. The spa treatment rooms are leased and managed by Spa Universe. The lease agreement, which began in 2006, calls for a monthly lease payment of \$1,000. The spa treatment rooms were in very good condition at the time of our inspection.

FITNESS CENTER



POOL



Additional Facilities

The hotel offers Perks Coffee & More. The 24-hour grab-and-go coffee and gift shop is located off the lobby and operated by the hotel. Perks Coffee & More features Starbucks coffee, snacks, quick-service food options, wine, and gifts. The



coffee shop received new tile backsplash in 2015. The hotel offers ice machines on all guestroom floors, and these areas were in very good condition.

The hotel does not have a dedicated business center; however, a FedEx Office Print & Ship Center is located in the lobby, which offers computer and printing access to guests for a fee. According to management, business services such as copying, printing, and faxing are also available at the front desk.

PERKS COFFEE & MORE



FEDEX OFFICE



ADA and Environmental

The subject property is served by the necessary back-of-the-house space, including an in-house laundry facility, administrative offices, a full-service kitchen, and a restaurant kitchen. The full-service kitchen is located on the first floor and services the needs of the banquets department. In addition, a restaurant kitchen is located adjacent to the Altitude restaurant. The kitchen facilities are appropriate for the scope of service provided, appearing to be in good condition; no significant or persistent problems were reported by hotel management. New equipment was purchased in 2015, including the replacement of the grill in the full-service kitchen. The in-house laundry facility contains nine large-capacity washers, ten dryers, two ironers, and four folders. The hotel's back-of-the-house equipment and appliances were reported to be operational at the time of inspection, appearing to be in good condition.



LAUNDRY



FULL-SERVICE KITCHEN



Back-of-the-House

According to information provided by management representatives, there are no environmental hazards present in the subject property's improvements, nor did we observe any. The property reportedly complies with the Americans with Disabilities Act.

Capital Expenditures

The subject hotel underwent various renovations and received a number of repairs and updates from 2013 through July 2016, as summarized in the following table.

FIGURE 3-4 CAPITAL EXPENDITURES

Item	2013 Amount	2014 Amount	2015 Amount	2016 YTD Amount
<u>Guest Areas</u>				
Guestroom Renovation	\$16,239,680			
Televisions	3,852	\$6,799	\$26,156	\$12,384
Door Locks		450,043		
Total	\$16,243,532	\$456,842	\$26,156	\$12,384
Per Room	\$14,767	\$415	\$24	\$11
<u>Public Areas</u>				
Fitness Center	18,646			
Strata Bar	48,231			
Lighting	15,099		44,534	
Regency Club		159,704		
Public Space Renovation Design			40,890	
Meeting Space			2,805,640	
Total	\$81,976	\$159,704	\$2,891,063	\$0
Per Room	\$75	\$145	\$2,628	\$0
<u>Back-of-the-House</u>				
Laundry	4,934	40,903	40,518	3,826
Food and Beverage Equipment	113,759	137,435	179,166	15,943
Human Resources	2,172			
Office Renovations	16,582			
Rooms Equipment	30,012	50,547	37,552	51,496
Computer Systems	123,413	147,191	22,214	14,595
Internet	200,371	178,851		
Time Clocks			10,460	
Radios			80,000	
Total	\$491,243	\$554,927	\$369,909	\$85,860
Per Room	\$447	\$504	\$336	\$78
<u>Structure and Site</u>				
Fire System	98,958	124,385	49,364	41,449
Lighting	85,725		60,673	55,346
Utilities			36,581	
Signage			6,600	
Parking Garage			1,393	
HVAC				27,564
Roof Inspection				6,900
Total	\$184,683	\$124,385	\$154,611	\$131,259
Per Room	\$168	\$113	\$141	\$119
Contingency	115,326	163,573	177,065	59,903
Totals:	\$17,116,760	\$1,459,430	\$3,618,805	\$289,406
Per Room:	\$15,561	\$1,327	\$3,290	\$263

Source: Hotel Management



Our forecast of income and expense incorporates a reserve for replacement in recognition of the future renovation needs of the property. Our appraisal also assumes an ongoing preventive maintenance program and appropriate management and ownership oversight. The reserve for replacement is consistent with accepted industry norms for a property of this type. Investors also recognize that additional capital may be required over the holding period; this expectation is factored into their return requirements. Our selected discount and capitalization rates are based on market requirements and, thus, implicitly consider potential additional capital investments that may be required during the holding period.

Conclusion

Overall, the subject property offers a well-designed, functional layout of support areas and guestrooms. Virtually all aspects of the hotel have been upgraded over the last few years, and the hotel's improvements remain in very good condition. No significant weaknesses were noted.



4. Market Area Analysis

The economic vitality of the market area and neighborhood surrounding the subject property is an important consideration in forecasting lodging demand and income potential. Economic and demographic trends that reflect the amount of visitation provide a basis from which to project lodging demand. The purpose of the market area analysis is to review available economic and demographic data to determine whether the local market will undergo economic growth, stabilize, or decline. In addition to predicting the direction of the economy, the rate of change must be quantified. These trends are then correlated based on their propensity to reflect variations in lodging demand, with the objective of forecasting the amount of growth or decline in visitation by individual market segment (e.g., commercial, meeting and group, and leisure).

Market Area Definition

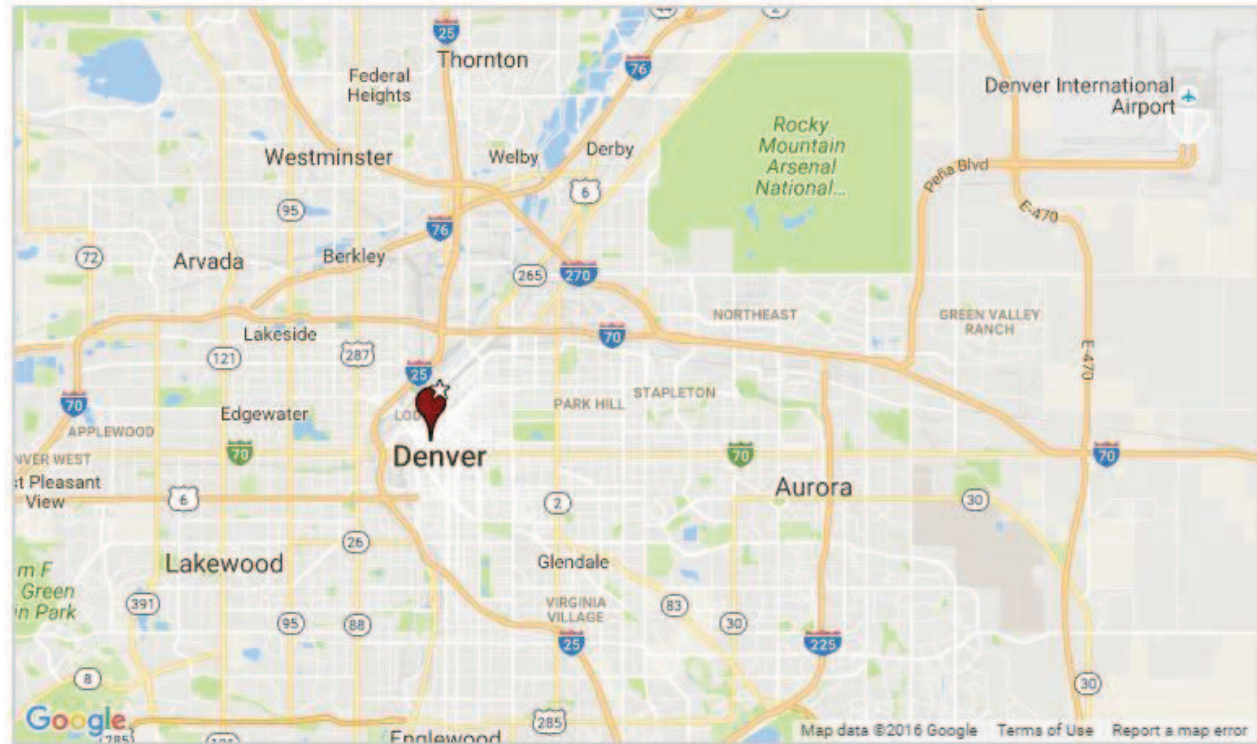
The market area for a lodging facility is the geographical region where the sources of demand and the competitive supply are located. The subject property is located in the city of Denver, the county of Denver, and the state of Colorado. Denver, the capital and most populous city of the state of Colorado, is situated in the high plains at the eastern edge of the Rocky Mountains. These mountains, reaching higher than 14,000 feet, are the dominant feature of the area. Denver offers a diverse economy supported by the government, hospitality, banking, telecommunications, high-tech, and retail sectors, among others. Lockheed Martin, United Airlines, Comcast Corporation, CenturyLink, and JBS Swift & Company represent some of the largest private employers in the Denver metropolitan area. The healthcare sector also exhibits a strong presence in the region, with major employers including University of Colorado Health, Children's Hospital, Banner Health, and Saint Joseph Hospital. The federal government plays a significant role in the local economy, with major installations at the Federal Center, Buckley Air Force Base, and in Downtown Denver. The city's 769,000-square-foot convention center attracts many citywide conventions, while the city's special events venues and major tourism attractions help support a strong market for hotel demand.

DENVER



The subject property's market area can be defined by its Combined Statistical Area (CSA): Denver-Aurora, CO. The CSA represents adjacent metropolitan and micropolitan statistical areas that have a moderate degree of employment interchange. Micropolitan statistical areas represent urban areas in the United States based around a core city or town with a population of 10,000 to 49,999; the MSA requires the presence of a core city of at least 50,000 people and a total population of at least 100,000 (75,000 in New England). The following exhibit illustrates the market area.

MAP OF MARKET AREA



Economic and Demographic Review

A primary source of economic and demographic statistics used in this analysis is the *Complete Economic and Demographic Data Source* published by Woods & Poole Economics, Inc.—a well-regarded forecasting service based in Washington, D.C. Using a database containing more than 900 variables for each county in the nation, Woods & Poole employs a sophisticated regional model to forecast economic and demographic trends. Historical statistics are based on census data and information published by the Bureau of Economic Analysis. Projections are formulated by Woods & Poole, and all dollar amounts have been adjusted for inflation, thus reflecting real change.

These data are summarized in the following table.

FIGURE 4-1 ECONOMIC AND DEMOGRAPHIC DATA SUMMARY

					Average Annual		
					Compounded Change		
	2000	2010	2015	2020	2000-10	2010-15	2015-20
Resident Population (Thousands)							
Denver County	555.7	603.4	630.9	643.2	0.8 %	0.9 %	0.4 %
Denver-Aurora-Lakewood, CO MSA	2,171.1	2,522.4	2,711.6	2,903.7	1.5	1.5	1.4
Denver-Aurora, CO CSA	2,647.2	3,104.0	3,345.9	3,595.0	1.6	1.5	1.4
State of Colorado	4,326.9	5,047.7	5,411.3	5,799.5	1.6	1.4	1.4
United States	282,162.4	309,330.2	324,186.9	340,554.3	0.9	0.9	1.0
Per-Capita Personal Income*							
Denver County	\$47,646	\$51,513	\$53,623	\$57,078	0.8	0.8	1.3
Denver-Aurora-Lakewood, CO MSA	46,195	46,324	49,134	52,524	0.0	1.2	1.3
Denver-Aurora, CO CSA	45,486	44,999	47,631	50,799	(0.1)	1.1	1.3
State of Colorado	40,884	41,422	44,049	46,996	0.1	1.2	1.3
United States	36,473	39,144	41,554	44,387	0.7	1.2	1.3
W&P Wealth Index							
Denver County	127.4	129.9	127.8	127.3	0.2	(0.3)	(0.1)
Denver-Aurora-Lakewood, CO MSA	128.9	120.2	119.9	120.0	(0.7)	(0.0)	0.0
Denver-Aurora, CO CSA	127.8	117.8	117.3	117.1	(0.8)	(0.1)	(0.0)
State of Colorado	115.2	108.8	108.8	108.7	(0.6)	0.0	(0.0)
United States	100.0	100.0	100.0	100.0	0.0	0.0	0.0
Food and Beverage Sales (Millions)*							
Denver County	\$1,409	\$1,706	\$1,920	\$2,059	1.9	2.4	1.4
Denver-Aurora-Lakewood, CO MSA	3,677	4,597	5,272	5,872	2.3	2.8	2.2
Denver-Aurora, CO CSA	4,395	5,455	6,276	7,020	2.2	2.8	2.3
State of Colorado	6,993	8,580	9,849	11,057	2.1	2.8	2.3
United States	368,842	447,396	499,600	548,160	1.9	2.2	1.9
Total Retail Sales (Millions)*							
Denver County	\$9,156	\$8,363	\$9,457	\$10,106	(0.9)	2.5	1.3
Denver-Aurora-Lakewood, CO MSA	35,251	36,897	42,860	48,020	0.5	3.0	2.3
Denver-Aurora, CO CSA	42,151	44,385	51,690	58,103	0.5	3.1	2.4
State of Colorado	66,823	72,126	83,664	93,999	0.8	3.0	2.4
United States	3,902,969	4,149,070	4,707,800	5,187,469	0.6	2.6	2.0

* Inflation Adjusted

Source: Woods & Poole Economics, Inc.



The U.S. population grew at an average annual compounded rate of 0.9% from 2010 to 2015; the state's population changed by 1.4% during that period. The county's population grown more slowly than the nation's population; the average annual growth rate of 0.9% between 2010 and 2015 reflects a gradually expanding area. In 2015, the county's population was approximately 630,000; it is forecast to be roughly 640,000 by 2020.

Following this population trend, per-capita personal income increased slowly, at 0.8% on average annually for the county between 2010 and 2015. The county's annual per-capita personal income level was approximately \$54,000 in 2015; it is expected to be \$57,000 by 2020. This compares to respective state and U.S. levels of \$44,000 and \$42,000 in 2015, and \$47,000 and \$44,000 by 2020. The county's local wealth index in 2015 was a relatively high 127.8, higher than the state's 2015 wealth index of 108.8. The county's wealth index is anticipated to be 127.3 by 2020, while the state's wealth index is forecast to be 108.7.

Food and beverage sales totaled \$1,920 million in the county in 2015, versus \$1,706 million in 2010. This reflects a 2.4% average annual change, which is stronger than the 1.9% pace recorded in the prior decade, the latter years of which were adversely affected by the recession. The pace of growth is anticipated to moderate to a more sustainable level of 1.4% through 2020. The retail sales sector demonstrated an annual decline of -0.9% from 2000 to 2010, followed by an increase of 2.5% during the period from 2010 to 2015. An increase of 1.3% average annual change in county retail sales is forecast through 2020.

Workforce Characteristics

The characteristics of an area's workforce provide an indication of the type and amount of transient visitation likely to be generated by local businesses. Sectors such as finance, insurance, and real estate (FIRE); wholesale trade; and services produce a considerable number of visitors who are not particularly rate-sensitive. The government sector often generates transient room nights, but per-diem reimbursement allowances often limit the accommodations selection to budget and mid-priced lodging facilities. Contributions from manufacturing, construction, transportation, communications, and public utilities (TCPU) employers can also be important, depending on the company type.

The following table sets forth the county workforce distribution by business sector in 2000, 2010, and 2015, as well as a forecast for 2020.

FIGURE 4-2 HISTORICAL AND PROJECTED EMPLOYMENT (000S)

Industry	2000	Percent of Total	2010	Percent of Total	2015	Percent of Total	2020	Percent of Total	Average Annual Compounded Change		
									2000-2010	2010-2015	2015-2020
Farm	0.0	0.0 %	0.0	0.0 %	0.0	0.0 %	0.0	0.0 %	4.1 %	(5.2) %	(4.8) %
Forestry, Fishing, Related Activities And Other	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0	2.1	(0.7)	0.5
Mining	5.8	1.0	11.2	2.0	12.4	2.2	12.3	2.1	6.8	2.2	(0.1)
Utilities	2.0	0.3	1.8	0.3	1.9	0.3	1.9	0.3	(0.9)	1.0	0.6
Construction	27.9	5.0	20.8	3.8	21.2	3.7	22.5	3.8	(2.9)	0.4	1.2
Manufacturing	31.7	5.6	20.2	3.7	19.6	3.4	18.9	3.2	(4.4)	(0.6)	(0.6)
Total Trade	68.3	12.1	58.4	10.7	60.1	10.5	61.5	10.4	(1.6)	0.6	0.5
Wholesale Trade	32.3	5.7	26.7	4.9	27.4	4.8	28.2	4.8	(1.9)	0.6	0.6
Retail Trade	36.0	6.4	31.7	5.8	32.7	5.7	33.3	5.7	(1.2)	0.6	0.4
Transportation And Warehousing	31.2	5.5	25.1	4.6	25.2	4.4	25.8	4.4	(2.2)	0.1	0.5
Information	29.3	5.2	16.3	3.0	15.1	2.6	15.2	2.6	(5.7)	(1.6)	0.1
Finance And Insurance	39.6	7.0	38.2	7.0	40.2	7.1	41.2	7.0	(0.3)	1.0	0.5
Real Estate And Rental And Lease	24.3	4.3	29.2	5.3	29.8	5.2	30.0	5.1	1.8	0.5	0.1
Total Services	229.9	40.8	250.5	45.9	269.5	47.3	283.6	48.2	0.9	1.5	1.0
Professional And Technical Services	51.0	9.1	55.6	10.2	59.9	10.5	63.7	10.8	0.9	1.5	1.3
Management Of Companies And Enterprises	5.9	1.0	9.6	1.8	10.8	1.9	11.9	2.0	5.0	2.5	1.9
Administrative And Waste Services	44.1	7.8	38.0	7.0	40.4	7.1	41.8	7.1	(1.5)	1.2	0.7
Educational Services	11.3	2.0	16.6	3.0	18.6	3.3	19.8	3.4	3.9	2.3	1.2
Health Care And Social Assistance	45.2	8.0	50.3	9.2	52.3	9.2	53.9	9.1	1.1	0.8	0.6
Arts, Entertainment, And Recreation	11.1	2.0	13.4	2.5	14.6	2.6	16.0	2.7	1.9	1.7	1.8
Accommodation And Food Services	36.5	6.5	41.5	7.6	46.3	8.1	49.3	8.4	1.3	2.2	1.3
Other Services, Except Public Administration	24.9	4.4	25.5	4.7	26.6	4.7	27.3	4.6	0.2	0.8	0.6
Total Government	72.7	12.9	74.4	13.6	75.0	13.1	75.7	12.8	0.2	0.1	0.2
Federal Civilian Government	15.7	2.8	14.2	2.6	14.3	2.5	14.5	2.5	(1.0)	0.2	0.2
Federal Military	3.0	0.5	3.0	0.5	2.5	0.4	2.5	0.4	0.1	(3.4)	0.1
State And Local Government	54.1	9.6	57.3	10.5	58.1	10.2	58.7	10.0	0.6	0.3	0.2
TOTAL	562.9	100.0 %	546.3	100.0 %	570.1	100.0 %	588.9	100.0 %	(0.3) %	0.9 %	0.7 %
MSA	1,527.1	—	1,616.6	—	1,744.0	—	1,873.8	—	0.6 %	1.5 %	1.4 %
U.S.	165,371.0	—	173,626.7	—	185,504.6	—	198,343.5	—	0.8	1.3	1.3

Source: Woods & Poole Economics, Inc.



Woods & Poole Economics, Inc. reports that during the period from 2000 to 2010, total employment in the county contracted at an average annual rate of -0.3%. This trend was below the growth rate recorded by the MSA and also lagged the national average, reflecting the contracting nature of the local economy throughout most of the decade until the recession in the latter years. More recently, the pace of total employment growth in the county accelerated to 0.9% on an annual average from 2010 to 2015, reflecting the initial years of the recovery.

Of the primary employment sectors, Total Services recorded the highest increase in number of employees during the period from 2010 to 2015, increasing by 18,925 people, or 7.6%, and transitioning from 45.9% to 47.3% of total employment. Of the various service sub-sectors, Professional And Technical Services and Health Care And Social Assistance were the largest employers. Forecasts developed by Woods & Poole Economics, Inc. anticipate that total employment in the county will change by 0.7% on average annually through 2020. The trend is below the forecast rate of change for the U.S. as a whole during the same period.

Radial Demographic Snapshot

The following table reflects radial demographic trends for our market area measured by three points of distance from the subject property.

FIGURE 4-3 DEMOGRAPHICS BY RADIUS

	0.00 - 1.00 miles	0.00 - 3.00 miles	0.00 - 5.00 miles
Population			
2021 Projection	42,529	234,832	507,018
2016 Estimate	38,272	216,117	469,165
2010 Census	31,017	189,978	419,668
2000 Census	22,862	190,764	420,231
Growth 2016 - 2021	11.1%	8.7%	8.1%
Growth 2010 - 2016	23.4%	13.8%	11.8%
Growth 2000 - 2010	35.7%	-0.4%	-0.1%
Households			
2021 Projection	27,079	122,903	237,928
2016 Estimate	24,224	111,811	217,752
2010 Census	19,306	95,703	190,153
2000 Census	13,420	86,897	181,513
Growth 2016 - 2021	11.8%	9.9%	9.3%
Growth 2010 - 2016	25.5%	16.8%	14.5%
Growth 2000 - 2010	43.9%	10.1%	4.8%
Income			
2016 Est. Average Household Income	\$78,503	\$79,659	\$80,205
2016 Est. Median Household Income	53,335	52,838	52,856
2016 Est. Civ. Employed Pop 16+ by Occupation			
Architect/Engineer	888	3,855	6,253
Arts/Entertainment/Sports	1,201	5,459	9,033
Building Grounds Maintenance	397	4,899	12,761
Business/Financial Operations	3,073	10,273	17,400
Community/Social Services	291	1,944	3,913
Computer/Mathematical	1,246	5,567	9,386
Construction/Extraction	467	4,692	13,259
Education/Training/Library	1,268	7,810	14,284
Farming/Fishing/Forestry	31	289	570
Food Prep/Serving	1,944	9,398	18,231
Health Practitioner/Technician	1,056	6,515	13,136
Healthcare Support	166	2,061	4,893
Maintenance Repair	229	1,630	4,419
Legal	830	3,359	6,084
Life/Physical/Social Science	326	1,612	3,233
Management	3,951	16,337	29,586
Office/Admin. Support	2,406	11,723	25,217
Production	326	2,953	8,249
Protective Services	284	1,395	3,054
Sales/Related	3,497	15,149	28,391
Personal Care/Service	570	3,638	7,670
Transportation/Moving	751	4,486	10,636

Source: The Nielsen Company



This source reports a population of 469,165 within a five-mile radius of the subject property, and 217,752 households within this same radius. Average household income within a five-mile radius of the subject property is currently reported at \$80,205, while the median is \$52,856.

The following table illustrates historical and projected employment, households, population and average household income data as provided by REIS for the overall Denver market.

FIGURE 4-4 HISTORICAL & PROJECTED EMPLOYMENT, HOUSEHOLDS, POPULATION, AND HOUSEHOLD INCOME STATISTICS

Year	Total Employment	% Chg	Office Employment	% Chg	Industrial Employment	% Chg	Households	% Chg	Population	% Chg	Household Avg. Income	% Chg
2003	1,155,830	—	376,809	—	147,013	—	900,680	—	2,294,310	—	\$101,669	—
2004	1,175,130	1.7 %	384,109	1.9 %	149,582	1.7 %	910,430	1.1 %	2,317,440	1.0 %	106,710	5.0 %
2005	1,200,300	2.1	394,270	2.6	150,179	0.4	925,040	1.6	2,352,440	1.5	111,947	4.9
2006	1,222,600	1.9	402,954	2.2	152,709	1.7	943,420	2.0	2,396,120	1.9	117,032	4.5
2007	1,250,300	2.3	414,278	2.8	153,717	0.7	962,770	2.1	2,441,320	1.9	121,302	3.6
2008	1,242,500	(0.6)	414,589	0.1	150,265	(2.2)	982,220	2.0	2,486,750	1.9	120,031	(1.0)
2009	1,187,870	(4.4)	399,760	(3.6)	138,800	(7.6)	1,001,860	2.0	2,531,840	1.8	114,551	(4.6)
2010	1,200,070	1.0	404,123	1.1	139,555	0.5	1,022,540	2.1	2,577,660	1.8	118,513	3.5
2011	1,223,170	1.9	412,419	2.1	141,549	1.4	1,044,840	2.2	2,624,510	1.8	124,165	4.8
2012	1,265,930	3.5	428,093	3.8	145,478	2.8	1,066,350	2.1	2,673,680	1.9	132,972	7.1
2013	1,313,630	3.8	442,471	3.4	147,426	1.3	1,089,680	2.2	2,727,540	2.0	129,785	(2.4)
2014	1,367,100	4.1	458,618	3.6	153,892	4.4	1,105,880	1.5	2,784,850	2.1	137,795	6.2
2015	1,407,170	2.9	472,458	3.0	157,765	2.5	1,134,440	2.6	2,840,680	2.0	141,032	2.3
Forecasts												
2016	1,441,470	2.4 %	481,708	2.0 %	161,007	2.1 %	1,163,860	2.6 %	2,884,590	1.5 %	\$145,120	2.9 %
2017	1,471,750	2.1	491,613	2.1	163,625	1.6	1,194,140	2.6	2,925,040	1.4	152,046	4.8
2018	1,496,950	1.7	499,655	1.6	165,468	1.1	1,218,950	2.1	2,965,050	1.4	157,980	3.9
2019	1,513,630	1.1	505,410	1.2	165,928	0.3	1,240,270	1.7	3,004,470	1.3	162,694	3.0
2020	1,523,850	0.7	509,715	0.9	165,354	(0.3)	1,259,410	1.5	3,043,260	1.3	167,130	2.7
Average Annual Compound Change												
2003 - 2015		1.7 %		1.9 %		0.6 %		1.9 %		1.8 %		2.8 %
2003 - 2007		2.0		2.4		1.1		1.7		1.6		4.5
2007 - 2010		(1.4)		(0.8)		(3.2)		2.0		1.8		(0.8)
2010 - 2015		3.2		3.2		2.5		2.1		2.0		3.5
Forecast 2016 - 2020		1.4 %		1.4 %		0.7 %		2.0 %		1.3 %		3.6 %

Source: REIS Report, 2nd Quarter, 2016



Unemployment Statistics

For the Denver market, of the roughly 1,400,000 persons employed, 34% are categorized as office employees, while 11% are categorized as industrial employees. Total employment decreased by an average annual compound rate of -1.4% during the recession of 2008 to 2011, followed by an increase of 3.2% from 2011 to 2015. By comparison, office employment reflected compound change rates of -0.8% and 3.2%, during the same respective periods. Total employment is expected to expand by 2.4% in 2016, while office employment is forecast to expand by 2.0% in 2016. From 2015 through 2020, REIS anticipates that total employment will increase at an average annual compound rate of 1.4%, while office employment will increase by 1.4% on average annually during the same period.

The number of households is forecast to increase by 2.0% on average annually between 2015 and 2020. Population is forecast to expand during this same period, at an average annual compounded rate of 1.3%. Household average income is forecast to grow by 3.6% on average annually from 2015 through 2020.

The following table presents historical unemployment rates for the subject property's market area, the state, and the nation.

FIGURE 4-5 UNEMPLOYMENT STATISTICS

Year	County	State	U.S.
2006	4.8 %	4.3 %	4.6 %
2007	4.1	3.7	4.6
2008	5.4	4.8	5.8
2009	8.1	7.3	9.3
2010	9.1(r)	8.7	9.6
2011	8.6(r)	8.4(d)	8.9
2012	7.8(r)	7.9(d)	8.1
2013	6.6(r)	6.8(d)	7.4
2014	4.8(r)	5.0(d)	6.2
2015	3.7(r)	3.9(d)	5.3
<i>Recent Month - Jul</i>			
2015	3.7 %	3.9 %	5.3 %
2016	3.4	3.6	4.9

* Letters shown next to data points (if any) reflect revised population controls and/or model re-estimation implemented by the REIS

Source: U.S. Bureau of Labor Statistics



After the U.S. unemployment rate declined to an annual average of 4.6% in 2006 and 2007, the Great Recession, which spanned December 2007 through June 2009, resulted in heightened unemployment rates. The unemployment rate peaked at 10.0% in October 2009, after which job growth resumed; the national unemployment rate has steadily declined since 2010. Total nonfarm payroll employment increased by 271,000, 275,000, and 151,000 jobs in June, July, and August 2016, respectively. The strongest gains in August were recorded in most service-providing sectors. The national unemployment rate was reported to be 4.9% in June, July, and August; it has remained near the 5.0% mark since August 2015, reflecting a trend of relative stability and the overall strength of the U.S. economy.

Locally, the unemployment rate was 3.7(r)% in 2015; for this same area in 2016, the most recent month's unemployment rate was registered at 3.4%, versus 3.7% for the same month in 2015. After showing year-over-year improvement, unemployment began to rise in 2008 as the region entered an economic slowdown, and this trend continued through 2010 as the height of the national recession took hold. However, unemployment declined in 2011 as the economy rebounded, a trend that continued through 2015. The most recent comparative period illustrates continued improvement, indicated by the lower unemployment rate, well below the national average, in the latest available data for 2016. Local economic development officials noted that substantial job creation has occurred in multiple sectors, including in fields such as high technology, health care, and hospitality. Furthermore, significant increases in commercial office space throughout the Denver Metro area, coinciding with companies relocating or opening operations in Denver, has aided in lower unemployment rates.

Major Business and Industry

Providing additional context for understanding the nature of the regional economy, the following table presents a list of the major employers in the subject property's market.

FIGURE 4-6 MAJOR EMPLOYERS

Rank	Firm	Number of Employees
1	United Airlines	4,900
2	University of Denver	4,230
3	Frontier Airlines	3,000
4	CenturyLink	2,890
5	Saint Joseph Hospital	2,460
6	Kaiser Permanente	2,370
7	Southwest Airlines	2,360
8	Anthem Blue Cross Blue Shield	2,000
9	TIAA-CREF	2,000
10	Wells Fargo	1,900

Source: Metro Denver Economic Development Corporation: Denver County, 2015/16

The following bullet points highlight major demand generators for this market:

- The information technology (IT) and software-development sectors are predominant in the Denver area. *CompTIA's "Cyberstates 2015: The Definitive State-by-State Analysis of the U.S. Tech Industry"* ranked Colorado as the fourth state in the U.S. for its concentration of technology industry workforce, and eleventh for high-tech establishments, with Colorado employing nearly 200,000 workers in high-tech fields. Major software developers in the market area include CIBER, Cisco Systems, MapQuest, Oracle, Sun Microsystems, and IBM. According to 2015 data, nine Fortune 500 companies are located in the Denver metropolitan area, and two of those are among the largest in the telecommunications industry, making Denver a major center for telecommunications, information technology, and broadcasting. Primary companies include Dish Network Corporation and Level 3 Communications, which completed its acquisition of TW Telecom in October 2014; Level 3 Communications now serves customers in more than 500 markets in over 60 countries. The Denver tech industry continues to expand, with TransFirst LLC expected to hire as many as 100 employees in 2016. Moreover, in 2015, construction began on Panasonic's Enterprise Solutions headquarters office, which is located in the Peña Station NEXT development near the Denver International Airport. The project, which is planned for completion by year-end 2016, will reportedly employ 300 people and will serve as the company's operation base and manufacturing facility.

- The government sector is an important economic driver, with the State Capitol, City and County offices, and State and Federal courthouses located in Downtown Denver. These government entities, as well as area law firms and government-related contractors, generate significant levels of demand for area hotels. The 623-acre Denver Federal Center, located in the western section of the city, houses 28 different government agencies in over 40 buildings and represents the largest concentration of federal agencies outside of Washington, D.C. Buckley Air Force Base, located on the eastern edge of the city, leads the nation's efforts for space-based defense systems. A \$40-million runway project was completed in 2014, and an expansion of Buckley's medical facility was completed in early 2016.
- Industries related to national defense, energy, and mining are also important for Denver. Lockheed Martin Corporation operates a major manufacturing facility on the southwestern edge of the city at its 5,400-acre industrial astronautics site, as well as its administrative campus at the 1,060-acre Deer Creek facility. These facilities house the company's space systems headquarters, mission services, and information systems services. Furthermore, Lockheed Martin's Commercial Space division, which relocated from Pennsylvania in 2014, is expected to create as many as 500 aerospace jobs in Colorado over its first eight years of operation. Golden's National Renewable Energy Lab has over 1,700 employees and is home to the National Bioenergy Center and the National Center for Photovoltaics. Energy and mining firms with a major presence in the Denver market include Encana, Halliburton, Smith International, Rio Tinto Group, Newmont Mining, Noble Energy, and Anadarko.
- The healthcare and medical technology industries, as well as the education sector, are well represented in Denver. The Fitzsimons Innovation Campus and the adjacent Anschutz Medical Campus in Aurora serve as a major regional hub for healthcare and biotechnology. The combined \$5.2-billion complex totals 578 acres, and at full build-out in an estimated 20 years, it should encompass 18.5 million square feet of education, patient care, research, and medical office space; onsite entities include the University of Colorado Hospital, Children's Hospital Colorado, and the Veteran's Administration Hospital (currently under construction). In December 2014, the new St. Joseph Hospital opened in Downtown Denver, offering 360 patient rooms in the state-of-the-art, \$623-million facility. The 2015 opening of the \$17-million Gates Biomanufacturing Facility at the University of Colorado Anschutz Medical Campus, which is one of only five such facilities in the U.S. and the only biomanufacturing facility within a 500-mile radius, was a major boon to the healthcare sector. According to economic development officials, the University of Colorado announced plans to expand its presence on the medical campus over the next five years, which should significantly increase enrollment at the campus. The opening of the



\$1.7-billion Veteran's Administration Medical Center and Hospital complex has been postponed from 2017 to 2018. The University of Colorado at Denver, the University of Denver, Metropolitan State College, and Regis University support the market by providing an educated workforce.

The Denver market benefits from its established base of technology, communications, government, healthcare, and manufacturing firms, as well as from its role as a national hub of entrepreneurial activity. Denver has been consistently ranked a top city for startups by national media and research organizations. More than 370 technology startups are located in Downtown Denver, employing over 3,000 people, as companies have been drawn to Downtown Denver's innovative culture and strong network of startups. SunGard Availability Services, which tracks data within the Information and Technology sector, reported that employment within the IT sector increased by nearly 10% in 2015, the second-largest increase in the U.S. behind Silicon Valley. Furthermore, Downtown Denver redevelopment projects, including Denver Union Station, LoDo, RiNo, and Arapahoe Square, continue to contribute to the area's economic growth. Denver's central location places it in an advantageous position for future economic development and growth. A well-developed transportation infrastructure, including the recent expansion of the light-rail system along Interstate 70 to the eastern suburbs and Denver International Airport, and other proposed infrastructure projects are also expected to boost economic activity and increase the area's attractiveness to employers and residents. The residential and commercial real estate markets are incurring new construction, while manufacturing activity continues to strengthen.

Office Space Statistics

Trends in occupied office space are typically among the most reliable indicators of lodging demand, as firms that occupy office space often exhibit a strong propensity to attract commercial visitors. Thus, trends that cause changes in vacancy rates or occupied office space may have a proportional impact on commercial lodging demand and a less direct effect on meeting demand. The following table details office space statistics for the pertinent market area.

FIGURE 4-7 OFFICE SPACE STATISTICS – MARKET OVERVIEW

Submarket	Inventory		Occupied Office Space	Vacancy Rate	Average Asking Lease Rate
	Buildings	Square Feet			
1 West Central	112	6,194,000	5,054,300	18.4 %	\$19.55
2 Southeast Suburban	335	29,494,000	23,359,200	20.8	22.74
3 Midtown	74	3,403,000	2,981,000	12.4	21.49
4 Southeast	147	9,993,000	8,024,400	19.7	19.64
5 Northeast	45	2,132,000	1,601,100	24.9	18.21
6 Southwest	110	4,806,000	4,147,600	13.7	19.50
7 Northwest	121	7,768,000	6,284,300	19.1	20.82
8 CBD	133	26,677,000	22,675,500	15.0	30.60
Totals and Averages	1,077	90,467,000	74,127,400	18.1 %	\$24.01

Source: REIS Report, 2nd Quarter, 2016

The greater Denver market comprises a total of 90.5 million square feet of office space. For the 2nd Quarter of 2016, the market reported a vacancy rate of 18.1% and an average asking rent of \$24.01. The subject property is located in the CBD submarket, which houses 26,677,000 square feet of office space. The submarket's vacancy rate of 15.0% is below the overall market average. The average asking lease rate of \$30.60 is above the average for the broader market.

The following table illustrates a trend of office space statistics for the overall Denver market and the CBD submarket.

FIGURE 4-8 HISTORICAL AND PROJECTED OFFICE SPACE STATISTICS – GREATER MARKET VS. SUBMARKET

Year	Denver Market							CBD Submarket						
	Available Office Space	% Chg	Occupied Office Space	% Chg	Vacancy Rate	Asking Lease Rate	% Chg	Available Office Space	% Chg	Occupied Office Space	% Chg	Vacancy Rate	Asking Lease Rate	% Chg
2003	85,805,000	—	66,771,000	—	22.2 %	\$17.93	—	24,339,000	—	19,982,000	—	17.9 %	\$20.51	—
2004	86,321,000	0.6 %	68,085,000	2.0 %	21.1	17.60	(1.8) %	24,239,000	(0.4) %	19,924,000	(0.3) %	17.8	19.97	(2.6) %
2005	86,272,000	(0.1)	69,350,000	1.9	19.6	17.90	1.7	24,024,000	(0.9)	20,276,000	1.8	15.6	20.44	2.4
2006	86,607,000	0.4	72,407,000	4.4	16.4	19.25	7.5	24,574,000	2.3	21,404,000	5.6	12.9	22.75	11.3
2007	86,401,000	(0.2)	73,229,000	1.1	15.2	21.40	11.2	24,337,000	(1.0)	21,928,000	2.4	9.9	26.94	18.4
2008	87,235,000	1.0	73,142,000	(0.1)	16.2	22.16	3.6	24,499,000	0.7	21,535,000	(1.8)	12.1	28.56	6.0
2009	88,198,000	1.1	70,462,000	(3.7)	20.1	21.60	(2.5)	25,489,000	4.0	21,105,000	(2.0)	17.2	27.93	(2.2)
2010	88,551,000	0.4	70,572,000	0.2	20.3	21.22	(1.8)	25,989,000	2.0	21,623,000	2.5	16.8	26.80	(4.0)
2011	88,939,000	0.4	71,490,000	1.3	19.6	21.46	1.1	26,019,000	0.1	21,986,000	1.7	15.5	26.98	0.7
2012	88,757,000	(0.2)	71,964,000	0.7	18.9	21.84	1.8	25,680,000	(1.3)	21,982,000	(0.0)	14.4	27.63	2.4
2013	88,738,000	(0.0)	72,004,000	0.1	18.9	22.21	1.7	25,680,000	0.0	21,623,000	(1.6)	15.8	27.88	0.9
2014	89,005,000	0.3	73,858,000	2.6	17.0	23.00	3.6	25,869,000	0.7	22,610,000	4.6	12.6	29.34	5.2
2015	90,053,000	1.2	74,243,000	0.5	17.6	23.66	2.9	26,357,000	1.9	22,852,000	1.1	13.3	30.19	2.9
Forecasts														
2016	91,550,000	1.7 %	74,940,000	0.9 %	18.1 %	\$24.39	3.1 %	26,822,000	1.8 %	22,826,000	(0.1) %	14.9 %	\$31.10	3.0 %
2017	92,594,000	1.1	76,823,000	2.5	17.0	25.22	3.4	27,100,000	1.0	23,252,000	1.9	14.2	31.95	2.7
2018	94,446,000	2.0	79,550,000	3.5	15.8	26.28	4.2	28,150,000	3.9	24,220,000	4.2	14.0	32.89	2.9
2019	95,216,000	0.8	81,252,000	2.1	14.7	27.38	4.2	28,194,000	0.2	24,427,000	0.9	13.4	33.85	2.9
2020	96,124,000	1.0	82,973,000	2.1	13.7	28.62	4.5	28,251,000	0.2	24,624,000	0.8	12.8	34.90	3.1
Average Annual Compound Change														
2003 - 2015		0.4 %		0.9 %			2.3 %		0.7 %		1.1 %			3.3 %
2003 - 2007		0.2		2.3			4.5		(0.0)		2.4			7.1
2007 - 2010		0.8		(1.2)			(0.3)		2.2		(0.5)			(0.2)
2010 - 2015		0.3		1.0			2.2		0.3		1.1			2.4
Forecast 2016 - 2020		1.2 %		2.6 %			4.1 %		1.3 %		1.9 %			2.9 %

Source: REIS Report, 2nd Quarter, 2016

The inventory of office space in the Denver market increased at an average annual compound rate of 0.4% from 2003 through 2015, while occupied office space expanded at an average annual rate of 0.9% over the same period. During the period of 2003 through 2008, occupied office space expanded at an average annual compound rate of 2.3%. From 2008 through 2011, occupied office space contracted at an average annual compound rate of -1.2%, reflecting the impact of the recession. The onset of the recovery is evident in the 1.0% average annual change in occupied office space from 2011 to 2015. From 2015 through 2020, the inventory of occupied office space is forecast to increase at an average annual compound rate of 2.6%, with available office space expected to increase 1.2%, thus resulting in an anticipated vacancy rate of 13.7% as of 2020. The Metro Denver office market has strong fundamentals, as evidenced by increasing investment activity, declining vacancy, and improving asking rates. The Central Business District (CBD) submarket led the overall Denver office market in the second quarter of 2016 in average asking lease rate (by a large margin) and recorded the third-lowest vacancy rate within the market. Commercial office construction has boomed in the Downtown market, with the largest amount of office space delivered in 2015 since 2001, according to REIS. As the downtown area continues to grow and redevelop, the CBD is expected to remain a premier relocation destination for businesses and corporations, supported by the increasing supply of Class A office space.

Convention Activity

A convention center serves as a gauge of visitation trends to a particular market. Convention centers also generate significant levels of demand for area hotels and serve as a focal point for community activity. Typically, hotels within the closest proximity to a convention center—up to three miles away—will benefit the most. Hotels serving as headquarters for an event benefit the most by way of premium rates and hosting related banquet events. During the largest of conventions, peripheral hotels may benefit from compression within the city as a whole.

The Colorado Convention Center was built in 1990 at 14th and Stout Streets, along the western side of Downtown Denver. The center contained 292,000 square feet of contiguous exhibit space and 100,000 square feet of meeting space, including a 35,000-square-foot ballroom and 46 meeting rooms. A \$340-million expansion of the Colorado Convention Center was completed in 2004. The expansion almost doubled the size of the center, bringing it to a total of 584,500 square feet of exhibit space on one level; 100,000 square feet of meeting space; two ballrooms consisting of 35,000 and 50,000 square feet; and a 5,000-fixed-seat lecture hall. Together, these spaces comprise approximately 769,000 square feet. The facility's Belco Theatre, formerly known as the Wells Fargo Theatre, underwent a \$3-million, five-year renovation project that was completed in 2012. In 2015, Denver voters approved a ballot measure to fund an expansion of the Colorado Convention Center. The expansion, which is approved for \$100 million in financing between

the Convention Center and National Western Center, is expected to include new flexible meeting and ballroom space, 120,000 square feet of new pre-function space, and a new 50,000-square-foot outdoor terrace. Although Visit Denver expects the expansion to be completed in 2019, details regarding the project have not been finalized.

COLORADO CONVENTION CENTER



The following table illustrates recent use statistics for this facility.

FIGURE 4-9 CONVENTION CENTER STATISTICS

Year	Number of Conventions	Percent Change	Number of Rooms	Percent Change
2008	75	—	513,686	—
2009	66	(12.0) %	389,647	(24.1) %
2010	75	13.6	484,393	24.3
2011	82	9.3	487,422	0.6
2012	98	19.5	439,965	(9.7)
2013	84	(14.3)	441,083	0.3
2014	77	(8.3)	493,437	11.9
2015	73	(5.2)	432,253	(12.4)

Source: Colorado Convention Center

Following the expansion of the Colorado Convention Center in 2004 and the opening of the subject hotel in 2005, booking activity increased significantly through 2008. After a drop in 2009, the number of conventions, delegates, and room nights rebounded in 2010. While a record number of conventions were held in Denver in 2011, delegate attendance and room-night bookings lagged behind the prior year's levels. However, the 2012 convention year noted increases over 2011 in the number of both conventions and delegates. Furthermore, 2014 was reportedly the strongest convention year in history for Denver, as the Colorado Convention Center hosted a record number of convention delegates in 2014, up over 10% from 2013, providing an estimated economic impact of \$500 million to Denver as the convention center shifted focus to larger, citywide conventions. Although large citywide convention bookings decreased in 2015, the city's attractive convention package and its ability to sell the Colorado Convention Center in conjunction with the subject property is expected to continue to draw sizeable levels of group demand to Denver. Furthermore, the addition of the new Downtown hotels over the next few years, coupled with the planned renovation and expansion of the Convention Center, should allow the convention center to target and host larger convention groups in the near term.

Airport Traffic

Airport passenger counts are important indicators of lodging demand. Depending on the type of service provided by a particular airfield, a sizable percentage of arriving passengers may require hotel accommodations. Trends showing changes in passenger counts also reflect local business activity and the overall economic health of the area.

Denver International Airport (DIA) opened in 1995 at a cost of \$4.8 billion. United Airlines and Frontier Airlines utilize the airport as a major hub, and Southwest Airlines is another primary user of the facility. DIA is currently undergoing a major South Terminal redevelopment project, which includes a new 519-room Westin hotel and conference center, a public transit center that will connect DIA via FasTracks with Downtown Denver, and a public plaza featuring restaurants and entertainment venues. The first phase is largely complete; the hotel opened in November 2015, and rail service began in April 2016. The second phase will include the construction of another parking structure and a renovation of the existing terminal. Furthermore, five new gates opened in Concourse C in September 2014 to accommodate steady growth by Southwest Airlines; in addition, the area around these new gates has been improved with new shops, restaurants, and amenities.

The following table illustrates recent operating statistics for the Denver International Airport, which is the primary airport facility serving the subject property's submarket.

FIGURE 4-10 AIRPORT STATISTICS - DENVER INTERNATIONAL AIRPORT

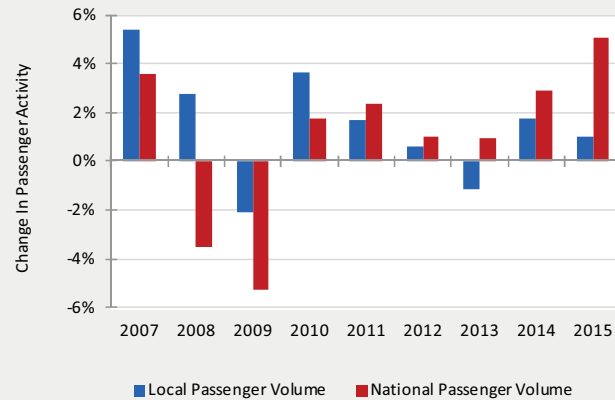
Year	Passenger Traffic	Percent Change*	Percent Change**
2006	47,325,016	—	—
2007	49,863,352	5.4 %	5.4 %
2008	51,245,334	2.8	4.1
2009	50,167,485	(2.1)	2.0
2010	51,985,038	3.6	2.4
2011	52,849,132	1.7	2.2
2012	53,156,278	0.6	2.0
2013	52,556,359	(1.1)	1.5
2014	53,472,514	1.7	1.5
2015	54,014,502	1.0	1.5
<i>Year-to-date, Jul</i>			
2015	30,791,903	—	—
2016	33,011,136	7.2 %	—

*Annual average compounded percentage change from the previous year

**Annual average compounded percentage change from first year of data

Source: Denver International Airport

FIGURE 4-11 LOCAL PASSENGER TRAFFIC VS. NATIONAL TREND



Source: HVS, Local Airport Authority

This facility recorded 54,014,502 passengers in 2015. The change in passenger traffic between 2014 and 2015 was 1.0%. The average annual change during the period shown was 1.5%. The recent uptick in passenger traffic can be attributed in large part to increased service by major air carriers in response to stronger economic conditions and a rise in demand. Southwest Airlines introduced service to/from Cleveland and Puerto Vallarta in 2015, and expanded daily service to/from six additional destinations by year's end, as well. In addition, international passenger counts have significantly increased following the November 2015 opening of the Westin hotel, located adjacent to the airport's main terminal.

Tourist Attractions

The market benefits from a variety of tourist and leisure attractions in the area. The peak season for tourism in this area is June through August; however, hotels benefit from ski-related demand in late December through mid-March as well. During other times of the year, weekend demand comprises travelers passing through en route to other destinations, local and regional visitors attending concerts and shows, people visiting friends or relatives, and other similar weekend demand generators. Primary attractions in the area include the following:

- Denver has long supported a wide variety of professional sports teams. The Denver Broncos of the NFL play at Sports Authority Field at Mile High; the stadium also hosts the city's Major League Lacrosse team, the Denver Outlaws. The Colorado Rockies, Denver's Major League Baseball team, play their home games at Coors Field in Downtown Denver. NHL's Colorado Avalanche play at the multi-purpose Pepsi Center, which also hosts the Denver Nuggets of the

NBA and the Colorado Mammoth of the National Lacrosse League. The Major League Soccer team, the Colorado Rapids, play in Dick's Sporting Goods Park in nearby Commerce City.

- A premier leisure attraction in the metropolitan Denver area is the Denver Center for the Performing Arts (DCPA), located at Curtis and 14th Streets, in Downtown Denver. The DCPA first opened in 1973 and features the following performing arts venues: Boettcher Concert Hall, the first surround orchestra theater built in the United States; Denver Auditorium Theater, which dates to the early 1900s; Helen Bonfils Theater; and the Temple Hoyne Buell Theater, a 2,800-seat facility that was added in late 1991. Attracting more than 750,000 visitors annually, the DCPA is known as one of the most innovative and comprehensive performing arts facilities in the country, offering a variety of entertainment including musicals, classics, and new plays. Furthermore, in March 2016, an \$8.7-million renovation of the DCPA facility began. The renovation, which is expected to be completed in early 2017, will give the Space Theatre a new stage, new seats, and reconfigured entrances that will make the theatre more accessible.
- The 16th Street Mall attraction in Downtown Denver is a pedestrian mall featuring cafés, street performers, cart vendors, and stores. Retail centers located along the mall include the outdoor Writer Square and the Denver Pavilions. The Cherry Creek Shopping Center is the Rocky Mountain region's premier shopping venue with over 1.1 million square feet of space and 160 shops. The Cherry Creek Shopping Center features stores exclusive to this location, including Neiman Marcus, Tiffany & Co., Burberry, Louis Vuitton, and Ralph Lauren. This retail area is a tourist destination within Denver; reportedly, approximately one-third of the shoppers are from out-of-state.
- Area museums in Denver include the Colorado History Museum, the Forney Transportation Museum, the Children's Museum, the Molly Brown House Museum, the Denver Art Museum, the Leaning Tree Museum of Western Art, the Turner Museum, the Clyfford Still Museum, and the Denver Museum of Nature & Science (including an IMAX Theatre). The area also features the Denver Zoo and Botanic Gardens. The Botanic Gardens represent one of the top five botanic gardens in America, with more than 32,000 plants and over 2,000 species, including seven that are classified as endangered.

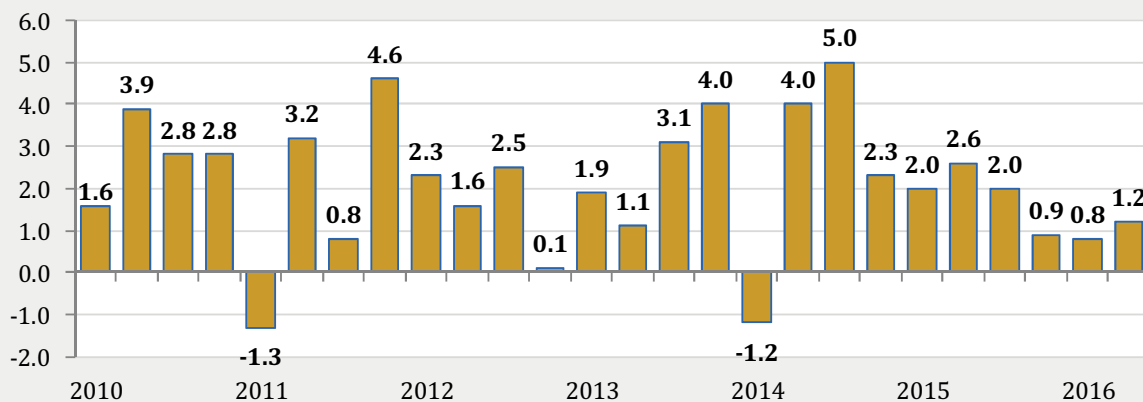
DENVER ART MUSEUM



Conclusion

This section discussed a wide variety of economic indicators for the pertinent market area. Denver is experiencing a period of economic strength and expansion. Major employment centers are varied and expanding, with continued office space construction underway or planned in Downtown Denver, Cherry Creek, and the Denver Tech Center area to the south. Both residential and office vacancy rates are diminishing throughout the city, and the unemployment rate continues to improve. The city benefits from a major airport, which has undergone recent expansions and renovations, and local access is improving with an expanding light-rail system. Furthermore, the City of Denver's continued focus on revitalization within the downtown area, including the Denver Urban Renewal project, has spurred additional growth, leading Denver to be ranked as *U.S. News & World Report's* best place to live in the United States in 2016. Denver's many employers, tourism attractions, and special event venues provide a well-balanced mix of economic drivers for this area. As such, the outlook for the market area is positive.

Our analysis of the outlook for this specific market also considers the broader context of the national economy. The U.S. economy expanded during the last nine quarters, with the most recent peak being the 2.6% growth realized in the second quarter of 2015. During the following three quarters, the pace of growth slowed, falling to 0.8% during the first quarter of 2016. The economy then expanded by 1.2% in the second quarter of 2016. In recent months, increases in personal consumption expenditures (PCE) and exports were the primary factors in the net gain. PCE was up 4.2%, and durable goods spending increased 8.4%.

FIGURE 4-12 UNITED STATES GDP GROWTH RATE

Source: tradingeconomics.com, Bureau of Economic Analysis

U.S. economic growth continues to support expansion of lodging demand; however, as economic growth has slowed in recent quarters, demand growth has not been as robust in 2016 as in the last several years. As will be reflected in the following chapter, nationwide supply growth has now surpassed demand growth, and year-to-date occupancy through July fell 0.1 of a point. Nevertheless, the stability in the U.S. economy is maintaining strong interest in hotel investments by a diverse array of market participants.



5. Supply and Demand Analysis

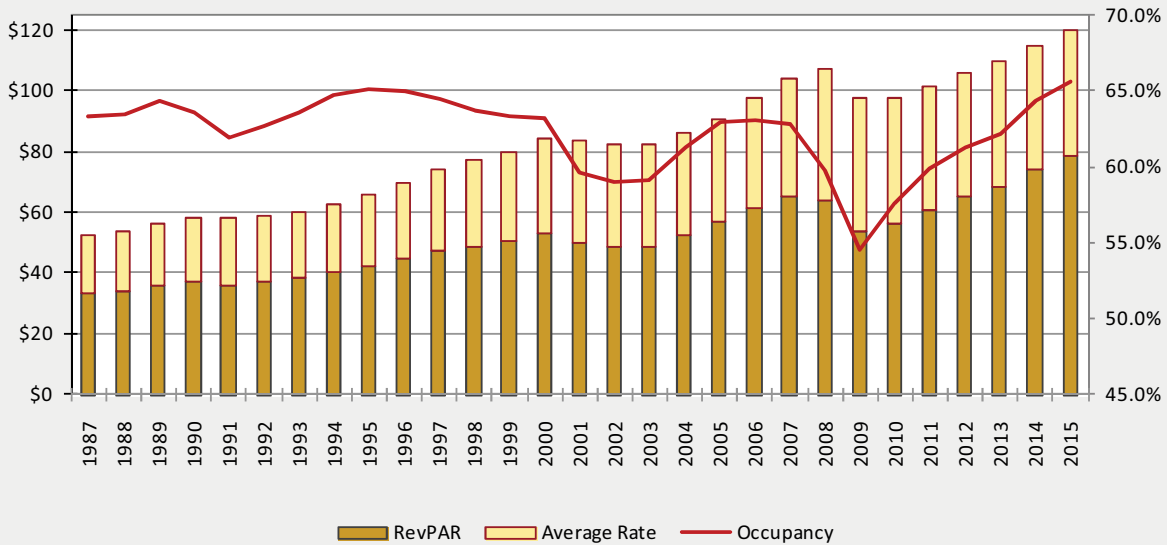
In the lodging industry, supply is measured by the number of guestrooms available, and demand is measured by the number of rooms occupied; the net effect of supply and demand toward equilibrium results in a prevailing price, or average rate. The purpose of this section is to investigate current supply and demand trends as indicated by the current competitive market, resulting in a forecast of market-wide occupancy.

National Trends Overview

The subject property and local lodging market are most directly affected by the supply and demand trends within the immediate area. However, individual markets are also influenced by conditions in the national lodging market. We have reviewed national lodging trends to provide a context for the forecast of the supply and demand for the subject property's competitive set.

STR is an independent research firm that compiles data on the lodging industry, and this information is routinely used by typical hotel buyers. The following STR diagram presents annual hotel occupancy and average rate data since 1987. The next two tables contain information that is more recent; the data are categorized by geographical region, price point, type of location, and chain scale, and the statistics include occupancy, average rate, and rooms revenue per available room (RevPAR). RevPAR is calculated by multiplying occupancy by average rate and provides an indication of how well rooms revenue is being maximized.

FIGURE 5-1 NATIONAL OCCUPANCY, AVERAGE RATE, AND REVPAR TRENDS



Source: STR

FIGURE 5-2 NATIONAL OCCUPANCY AND AVERAGE RATE TRENDS – YEAR-TO-DATE DATA

	Occupancy - Thru July			Average Rate - Thru July			RevPAR - Thru July		
	2015	2016	% Change	2015	2016	% Change	2015	2016	% Change
United States	66.5 %	66.4 %	(0.1) %	\$120.13	\$123.93	3.2 %	\$79.91	\$82.33	3.0 %
Region									
New England	63.2 %	62.6 %	(1.0) %	\$142.72	\$146.78	2.8 %	\$90.25	\$91.86	1.8 %
Middle Atlantic	66.3	66.1	(0.3)	154.95	155.88	0.6	102.72	103.05	0.3
South Atlantic	69.1	69.2	0.1	120.19	123.74	3.0	83.02	85.60	3.1
East North Central	61.1	61.1	0.0	104.15	106.55	2.3	63.69	65.14	2.3
East South Central	62.2	63.0	1.4	90.71	94.92	4.6	56.40	59.82	6.1
West North Central	60.0	59.1	(1.6)	92.64	95.28	2.9	55.60	56.27	1.2
West South Central	65.3	63.5	(2.8)	99.77	100.10	0.3	65.12	63.52	(2.5)
Mountain	66.2	66.9	1.1	110.27	115.12	4.4	73.00	77.03	5.5
Pacific	73.9	74.6	1.0	150.10	158.38	5.5	110.92	118.22	6.6
Class									
Luxury	71.5 %	71.8 %	0.4 %	\$277.32	\$280.51	1.2 %	\$198.27	\$201.46	1.6 %
Upper Upscale	74.0	73.9	(0.1)	174.22	178.28	2.3	128.88	131.73	2.2
Upscale	73.5	73.4	(0.1)	135.59	139.63	3.0	99.64	102.46	2.8
Upper Midscale	68.2	68.1	(0.2)	110.78	113.90	2.8	75.57	77.53	2.6
Midscale	61.0	60.7	(0.6)	90.09	92.69	2.9	54.98	56.24	2.3
Economy	59.5	59.3	(0.4)	67.14	69.87	4.1	39.97	41.42	3.6
Location									
Urban	73.8 %	73.8 %	0.0 %	\$170.10	\$173.47	2.0 %	\$125.47	\$128.00	2.0 %
Suburban	67.9	67.9	0.0	101.85	105.93	4.0	69.14	71.93	4.0
Airport	75.4	75.0	(0.5)	110.22	114.51	3.9	83.10	85.90	3.4
Interstate	58.1	57.1	(1.8)	81.00	82.75	2.2	47.08	47.24	0.3
Resort	70.2	70.9	1.0	169.39	173.58	2.5	118.99	123.09	3.4
Small Metro/Town	57.3	57.0	(0.5)	95.48	98.33	3.0	54.67	56.04	2.5
Chain Scale									
Luxury	76.3 %	75.7 %	(0.7) %	\$315.76	\$321.29	1.8 %	\$240.87	\$243.36	1.0 %
Upper Upscale	75.7	75.5	(0.3)	175.49	179.62	2.3	132.85	135.63	2.1
Upscale	75.7	75.3	(0.6)	134.95	138.97	3.0	102.19	104.58	2.3
Upper Midscale	68.7	68.5	(0.3)	108.71	111.70	2.7	74.67	76.46	2.4
Midscale	60.6	60.2	(0.8)	83.53	85.74	2.6	50.65	51.59	1.9
Economy	59.1	58.5	(1.0)	58.64	60.76	3.6	34.65	35.56	2.6
Independents	62.7	63.1	0.6	118.26	122.55	3.6	74.16	77.32	4.3

Source: STR - July 2016 Lodging Review

FIGURE 5-3 NATIONAL OCCUPANCY AND AVERAGE RATE TRENDS – CALENDAR YEAR DATA

	Occupancy			Average Rate			RevPAR		
	2014	2015	% Change	2014	2015	% Change	2014	2015	% Change
United States	64.4 %	65.6 %	1.7 %	\$114.92	\$120.01	4.4 %	\$74.04	\$78.67	6.3 %
Region									
New England	63.5	64.8 %	2.0 %	\$139.15	\$145.84	4.8 %	\$88.37	\$94.48	6.9 %
Middle Atlantic	66.9	67.6	1.1	160.87	162.13	0.8	107.58	109.61	1.9
South Atlantic	64.9	66.6	2.6	110.77	116.36	5.0	71.91	77.49	7.8
East North Central	60.5	61.5	1.6	99.68	104.72	5.1	60.34	64.37	6.7
East South Central	59.2	61.1	3.1	85.96	90.62	5.4	50.92	55.34	8.7
West North Central	59.6	59.7	0.2	89.96	93.06	3.4	53.63	55.56	3.6
West South Central	63.9	63.1	(1.3)	96.05	98.21	2.2	61.36	61.94	0.9
Mountain	63.1	65.0	3.0	103.07	108.69	5.5	65.05	70.66	8.6
Pacific	71.4	73.3	2.7	141.90	150.79	6.3	101.32	110.54	9.1
Price									
Luxury	69.7 %	70.9 %	1.8 %	\$270.22	\$279.21	3.3 %	\$188.27	\$198.01	5.2 %
Upper upscale	72.0	72.6	1.0	166.79	173.45	4.0	120.01	125.99	5.0
Upscale	71.5	72.4	1.3	128.61	134.69	4.7	91.92	97.51	6.1
Upper midscale	65.8	67.0	1.9	105.86	110.41	4.3	69.61	73.99	6.3
Midscale	59.0	60.2	2.1	86.44	90.21	4.4	50.97	54.29	6.5
Economy	57.5	58.6	1.9	62.57	65.69	5.0	36.00	38.50	7.0
Location									
Urban	72.3 %	73.1 %	1.0 %	\$168.19	\$173.95	3.4 %	\$121.67	\$127.13	4.5 %
Suburban	65.5	66.8	2.0	96.70	101.77	5.2	63.29	67.96	7.4
Airport	72.4	73.7	1.7	102.69	109.36	6.5	74.40	80.61	8.3
Interstate	56.8	57.4	1.0	78.67	81.11	3.1	44.66	46.52	4.2
Resort	66.1	68.2	3.2	156.21	163.49	4.7	103.32	111.57	8.0
Small Metro/Town	56.4	57.1	1.2	92.65	95.91	3.5	52.27	54.77	4.8
Chain Scale									
Luxury	75.0 %	75.3 %	0.5 %	\$304.72	\$317.43	4.2 %	\$228.44	\$239.11	4.7 %
Upper Upscale	73.6	74.2	0.7	168.45	175.24	4.0	124.04	129.99	4.8
Upscale	73.8	74.3	0.7	127.55	133.79	4.9	94.15	99.46	5.6
Mid-scale w/ F&B	66.4	67.6	1.9	104.45	108.93	4.3	69.32	73.66	6.3
Mid-scale w/o F&B	58.3	59.5	2.1	79.84	83.18	4.2	46.55	49.50	6.3
Economy	57.5	58.3	1.4	56.14	58.97	5.0	32.26	34.37	6.5
Independents	60.7	62.2	2.5	113.21	118.25	4.4	68.70	73.55	7.1

Source: STR - December 2015 Lodging Review



Following the significant RevPAR decline experienced during the last recession, demand growth resumed in 2010, led by select markets that had recorded growth trends in the fourth quarter of 2009. A return of business travel and some group activity contributed to these positive trends. The resurgence in demand was partly fueled by the significant price discounts that were widely available in the first half of 2010. These discounting policies were largely phased out in the latter half of the year, balancing much of the early rate loss. Demand growth remained strong, but decelerated from 2011 through 2013, increasing at rates of 4.7%, 2.8%, and 2.0%, respectively. Demand growth then surged to 4.0% in 2014, driven by a strong economy, a robust oil and gas sector, and limited new supply, among other factors. By 2014, occupancy had surpassed the 64% mark. Average rate rebounded similarly during this time, bracketing 4.0% annual gains from 2011 through 2014.

In 2015, demand growth continued to outpace supply growth, a relationship that has been in place since 2010. With a 2.9% increase in room-nights, the nation's occupancy level reached a record high 65.6% in 2015. Supply growth intensified, but remained at 1.1%, following annual supply growth levels of 0.7% and 0.9% of 2013 and 2014, respectively. Average rate posted another strong year of growth, at 4.4% in 2015, in pace with the annual growth of the last four years. Robust job growth, intensified group and leisure travel, and waning price-sensitivity all contributed to the gains. For year-to-date July 2016, occupancy decreased 0.1 of a point to 66.4%, reflecting that demand growth has not quite kept pace with supply growth. Average rate increased 3.2% year-to-date through July 2016. The net change in RevPAR through July 2016 was 3.0%, reflecting a healthy lodging market overall.

Denver, CO Lodging Market

According to STR Global, as of December 31, 2015, the greater Denver, CO area had 312 hotels with a total of 42,643 guestrooms. These totals represent a 0.5% change over the 2014 year-end inventory of 42,426 guestrooms. The following table presents the historical occupancy, average rate, and RevPAR data for the Denver metropolitan area for the years 2000 through 2015, as well as for the comparative year-to-date period ending in July 2015 and 2016.

FIGURE 5-4 DENVER LODGING MARKET DATA – 2000 TO YTD JULY 2016

Year	Occupancy	Percent Change	Average Rate	Percent Change	RevPAR	Percent Change
2000	67.4 %	—	\$79.68	—	\$53.70	—
2001	62.0	(8.0) %	79.09	(0.7) %	49.04	(8.7) %
2002	59.4	(4.2)	75.10	(5.0)	44.61	(9.0)
2003	58.1	(2.2)	74.22	(1.2)	43.12	(3.3)
2004	60.2	3.6	74.93	1.0	45.11	4.6
2005	62.4	3.7	80.68	7.7	50.34	11.6
2006	64.5	3.4	89.07	10.4	57.45	14.1
2007	65.6	1.7	99.21	11.4	65.08	13.3
2008	63.1	(3.8)	105.53	6.4	66.59	2.3
2009	57.9	(8.2)	92.97	(11.9)	53.83	(19.2)
2010	62.9	8.6	94.23	1.4	59.27	10.1
2011	65.3	3.8	97.53	3.5	63.69	7.5
2012	67.0	2.6	100.56	3.1	67.38	5.8
2013	70.8	5.7	103.18	2.6	73.05	8.4
2014	75.4	6.5	112.60	9.1	84.90	16.2
2015	75.7	0.4	120.78	7.3	91.43	7.7
<i>Year to date through July</i>						
2015	77.4 %		\$119.27		\$92.31	
2016	74.8	(3.4) %	126.41	6.0 %	94.55	2.4 %
Average Annual Compound Growth						
2000 to 2015		0.8 %		2.8 %		3.6 %

Source: STR Global, STR Monthly Hotel Review

The Colorado Convention Center, major corporate office parks, a multitude of government agencies, and special event and sporting complexes represent the primary sources of demand in the greater Denver market. Both occupancy and average rate grew from 2004 through 2007, as the appeal of Denver as a group destination gained traction and the strengthening economy fueled commercial and leisure demand. Although average rate continued to increase in 2008, occupancy declined despite Denver's hosting of the Democratic National Convention that year, largely attributed to a significant increase in supply from 2007/08. In conjunction with the national economic downturn, occupancy continued to decline in 2009, and average rate decreased for the first time in six years. However, the Denver lodging market was quick to recover, with increases in both occupancy and average rate registered in 2010. Demand levels continued to strengthen from 2011 through 2014 as the national economy continued to recover and Denver secured its position as a major group destination, attracting large citywide conventions;



furthermore, increased commercial office-space development during that period resulted in significant growth in corporate-related demand, which allowed hotel operators to increase rates. Strong tourism growth, coupled with continued commercial development throughout the region, resulted in both occupancy and average rate increases in 2015, reaching historical highs. Year-to-date 2016 data illustrate a modest drop in occupancy because of the entrance of new supply, as well as hoteliers' continued focus on average rate growth. RevPAR for the market has continued to increase in 2016.

Definition of Subject Hotel Market

The subject property is located in the greater Denver lodging market. This greater lodging market spans over 300 open and operating lodging facilities totaling roughly 43,600 guestrooms. Within this greater market, the direct submarket that encompasses the subject hotel is known as Downtown Denver. Of this larger supply set, the subject hotel competes with a smaller set of hotels based on various factors. These factors may include location, price point, product quality, length of stay (such as an extended-stay focus vs. non-extended-stay focus), room type (all-suite vs. standard), hotel age, or brand, among other factors. We have reviewed these pertinent attributes and established a competitive set based upon this review.

Historical Supply and Demand Data

STR is an independent research firm that compiles and publishes data on the lodging industry, routinely used by typical hotel buyers. HVS has ordered and analyzed an STR Trend Report of historical supply and demand data for the subject property and its competitors. This information is presented in the following table, along with the market-wide occupancy, average rate, and rooms revenue per available room (RevPAR). RevPAR is calculated by multiplying occupancy by average rate and provides an indication of how well rooms revenue is being maximized.

FIGURE 5-5 HISTORICAL SUPPLY AND DEMAND TRENDS (STR)

Average Daily		Available Room		Occupied Room		Average				
Year	Room Count	Nights	Change	Nights	Change	Occupancy	Rate	Change	RevPAR	Change
2004	3,782	1,380,430	—	840,734	—	60.9 %	\$121.67	—	\$74.10	—
2005	3,823	1,395,309	1.1 %	874,747	4.0 %	62.7	130.15	7.0 %	81.59	10.1 %
2006	4,561	1,664,765	19.3	1,104,798	26.3	66.4	141.60	8.8	93.97	15.2
2007	5,000	1,825,009	9.6	1,211,582	9.7	66.4	154.00	8.8	102.24	8.8
2008	5,300	1,934,500	6.0	1,313,840	8.4	67.9	161.06	4.6	109.38	7.0
2009	5,300	1,934,500	0.0	1,202,214	(8.5)	62.1	145.15	(9.9)	90.20	(17.5)
2010	5,394	1,968,981	1.8	1,350,383	12.3	68.6	152.60	5.1	104.66	16.0
2011	5,942	2,168,830	10.1	1,535,789	13.7	70.8	158.47	3.8	112.22	7.2
2012	5,941	2,168,496	(0.0)	1,571,162	2.3	72.5	160.87	1.5	116.55	3.9
2013	6,169	2,251,515	3.8	1,616,237	2.9	71.8	166.32	3.4	119.39	2.4
2014	6,256	2,283,369	1.4	1,741,707	7.8	76.3	178.69	7.4	136.30	14.2
2015	6,444	2,352,181	3.0	1,812,297	4.1	77.0	185.18	3.6	142.68	4.7
Year-to-Date Through July										
2015	6,384	1,353,408	—	1,052,737	—	77.8 %	\$182.89	—	\$142.26	—
2016	6,745	1,429,940	5.7 %	1,093,628	3.9 %	76.5	186.24	1.8 %	142.44	0.1 %
Average Annual Compounded Change:										
2004 - 2015			5.0 %	7.2 %			3.9 %			6.1 %
2004 - 2007			9.8	13.0			8.2			11.3
2007 - 2010			2.6	3.7			(0.3)			0.8
2010 - 2015			3.6	6.1			3.9			6.4
Hotels Included in Sample				Competitive Status	Number of Rooms	Year Affiliated	Year Opened	Comments		
Crowne Plaza Denver				Primary	364	Aug 2007	Jun 1973			
Doubletree The Curtis				Primary	336	Jan 2010	Jun 1974			
Grand Hyatt Denver				Primary	516	Aug 1987	Jun 1979			
Marriott Denver City Center				Primary	613	Jan 1982	Jan 1982			
Sheraton Hotel Denver				Primary	1,231	Apr 2008	Jan 1985			
Westin Denver Downtown				Primary	430	Jun 1985	Jun 1985			
Courtyard Denver Downtown				Secondary	177	Feb 1998	Feb 1998			
Hotel Teatro				Secondary	110	Mar 1999	Dec 1998			
Hyatt Regency Denver Convention Center				Subject Property	1,100	Dec 2005	Dec 2005			
Hilton Garden Inn Denver Downtown				Secondary	221	Jul 2007	Jul 2007			
Ritz-Carlton Denver				Secondary	202	Jan 2008	Jan 2008			
Four Seasons Denver				Secondary	239	Oct 2010	Oct 2010			
Embassy Suites Denver Downtown Convention Center				Primary	403	Dec 2010	Dec 2010			
Hampton Inn & Suites Denver Downtown Convention Center				Secondary	120	Apr 2013	Apr 2013			
Homewood Suites Denver Downtown Convention Center				Secondary	182	Apr 2013	Apr 2013			
aloft Hotel Denver Downtown				Secondary	140	Dec 2014	Dec 2014			
Hyatt House Denver Downtown				Secondary	113	Nov 2015	Nov 2015			
Hyatt Place Denver Downtown				Secondary	248	Nov 2015	Nov 2015			
Total					6,745					

Source: STR



It is important to note some limitations of the STR data. Hotels are occasionally added to or removed from the sample; furthermore, not every property reports data in a consistent and timely manner. These factors can influence the overall quality of the information by skewing the results, and these inconsistencies may also cause the STR data to differ from the results of our competitive survey. Nonetheless, STR data provide the best indication of aggregate growth or decline in existing supply and demand; thus, these trends have been considered in our analysis. Opening dates, as available, are presented for each reporting hotel in the previous table.

The STR data for the competitive set reflect a market-wide occupancy level of 77.0% in 2015, which compares to 76.3% for 2014. The overall average occupancy level for the calendar years presented equates to 73.0%. The STR data for the competitive set reflect a market-wide average rate level of \$185.18 in 2015, which compares to \$178.69 for 2014. These occupancy and average rate trends resulted in a RevPAR level of \$142.68 in 2015.

Both occupancy and average rate first peaked for this selected set of hotels in the Denver CBD market in 2008, resulting in a RevPAR of nearly \$110, before declining to a low point of roughly \$90 by year-end 2009 because of the recession. A rapid recovery began in 2010 that extended through year-end 2015; as illustrated, the 2008 peak in RevPAR was exceeded in 2011. Significant growth in the commercial sector, coupled with the City's focus on revitalization throughout the Downtown Denver market, resulted in significant increases in both commercial and leisure demand from 2010 through 2015. Furthermore, Denver has gained the reputation as a highly sought-after meeting and group destination. As demand continued to increase, Denver's CBD became a focal point for hotel developers. From 2010 through 2015, seven new hotels opened, resulting in an increase of nearly 1,500 guestrooms. In 2015, RevPAR surpassed \$140 for the first time in the historical period, largely attributed to the addition of high-quality new supply and recently completed renovations at hotels within the market.

Year-to-date data illustrate a softening in occupancy and a roughly \$4.00 gain in average rate. RevPAR for this competitive set recently peaked in June 2016. The year-to-date decline in occupancy is largely attributed to the recent opening of the Hyatt Place and Hyatt House, which added 361 guestrooms to the market. We note that the Hyatt Place and Hyatt House opened in November 2015, when occupancy and average rates throughout the market are typically at their weakest. Furthermore, according to local hoteliers, corporate meeting/group demand and meeting/group demand generated by the Colorado Convention Center were soft in the first quarter of 2016. However, despite a decrease in that segment, overall demand has strengthened through the first half of 2016. In consideration of three new hotels in the development pipeline, including the dual-branded 223-room AC



by Marriott and 272-room Le Méridien (scheduled to open in late 2017), coupled with several recently opened hotels in nearby Denver markets, occupancy is expected to decline slightly in the near term as the new supply is absorbed. However, Denver's continued popularity as a meeting and group destination, as well as continued growth in the commercial sector, should keep demand levels high and allow for the absorption of new supply over the long term.

Seasonality

Monthly occupancy and average rate trends are presented in the following tables.

FIGURE 5-6 MONTHLY OCCUPANCY TRENDS

Month	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
January	49.2 %	52.7 %	54.5 %	49.7 %	53.2 %	51.8 %	52.7 %	59.4 %	61.7 %	61.4 %	67.9 %	66.0 %	63.5 %
February	48.6	55.7	63.9	58.8	55.9	53.5	59.4	58.5	61.2	64.6	64.7	76.5	67.3
March	59.4	51.4	68.2	69.9	66.0	55.2	62.1	62.3	74.0	63.1	81.5	71.3	68.5
April	53.9	67.3	61.1	63.8	73.0	63.9	68.4	66.9	72.1	75.3	79.2	74.8	76.5
May	57.5	62.8	71.3	67.4	66.6	66.3	70.4	78.9	77.1	70.2	73.8	80.8	81.9
June	65.9	79.8	76.4	82.2	81.3	68.0	80.9	86.4	83.8	81.5	86.8	88.9	89.1
July	77.2	74.8	72.4	73.5	79.7	68.5	84.8	78.8	78.3	80.4	85.1	86.3	88.1
August	75.9	74.9	73.9	72.5	80.0	69.1	77.3	83.5	82.4	84.3	83.7	84.0	—
September	65.9	76.2	74.5	77.6	79.1	70.7	77.1	80.8	79.5	81.4	84.8	86.0	—
October	74.1	68.7	74.6	83.9	77.5	75.3	80.2	80.6	88.2	78.7	84.8	85.6	—
November	56.7	61.7	57.5	55.6	59.5	61.4	67.5	60.0	60.6	66.3	66.7	70.5	—
December	45.2	32.8	48.0	41.1	42.5	41.9	44.4	52.9	49.6	52.8	56.1	55.8	—
Annual Occupancy	60.9 %	62.7 %	66.4 %	66.4 %	67.9 %	62.1 %	68.6 %	70.8 %	72.5 %	71.8 %	76.3 %	77.0 %	—
Year-to-Date	59.0 %	63.5 %	66.8 %	66.6 %	68.1 %	61.1 %	68.4 %	70.3 %	72.7 %	71.1 %	77.1 %	77.8 %	76.5 %

Source: STR

FIGURE 5-7 MONTHLY AVERAGE RATE TRENDS

Month	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
January	\$107.31	\$110.85	\$123.16	\$138.12	\$144.95	\$135.85	\$129.33	\$137.06	\$137.47	\$140.57	\$150.65	\$160.14	\$160.82
February	117.55	134.08	130.52	147.20	151.38	143.11	133.67	148.96	137.28	152.03	152.32	166.99	166.00
March	127.72	121.59	132.04	150.08	153.87	148.51	144.76	150.29	154.48	149.70	179.46	188.38	168.40
April	122.05	131.74	139.15	158.03	168.47	158.05	159.45	154.00	165.90	177.51	186.47	174.96	188.73
May	124.19	124.59	139.74	159.19	158.02	142.21	161.43	167.97	166.31	179.68	173.48	199.58	193.85
June	119.03	132.96	148.99	161.49	169.81	150.23	159.30	164.84	165.81	178.81	188.43	193.79	210.34
July	124.95	136.13	138.72	155.31	153.91	139.68	152.91	160.01	160.19	161.33	182.73	188.62	199.62
August	120.84	137.14	149.55	151.97	183.82	132.26	149.47	176.62	169.99	163.82	175.31	191.23	—
September	121.77	132.51	153.96	165.75	178.60	149.17	152.89	164.17	162.02	180.34	195.42	203.06	—
October	135.05	141.72	157.14	171.13	167.44	175.06	171.50	170.79	195.34	183.96	209.50	209.60	—
November	120.57	129.46	145.34	142.29	151.35	138.39	167.05	158.05	157.23	169.51	176.25	174.61	—
December	108.52	114.65	128.88	119.51	120.61	111.68	127.58	125.25	129.27	137.36	151.85	149.49	—
Annual Average Rate	\$121.67	\$130.15	\$141.60	\$154.00	\$161.06	\$145.15	\$152.60	\$158.47	\$160.87	\$166.32	\$178.69	\$185.18	—
Year-to-Date	\$120.98	\$128.21	\$136.71	\$153.72	\$158.09	\$145.55	\$150.24	\$156.04	\$156.64	\$164.31	\$174.88	\$182.89	\$186.24

Source: STR



The illustrated monthly occupancy and average rates patterns reflect important seasonal characteristics. We have reviewed these trends in developing our forthcoming forecast of market-wide demand and average rate. The competitive market is characterized by a moderate degree of seasonality, which is evident in the monthly occupancy statistics. The strongest occupancy levels are recorded in the summer months, when demand from leisure travelers supplements the meeting/group and commercial segments that are the principal sources of demand in this submarket. Average rate levels reflect a similar pattern.

Patterns of Demand

A review of the trends in occupancy and average rate by day of the week provides some insight into the impact that the current economic conditions have had on the competitive lodging market. The data, as provided by STR, are illustrated in the following table(s).

FIGURE 5-8 OCCUPANCY BY DAY OF WEEK (TRAILING 12 MONTHS)

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Aug - 15	71.8 %	84.6 %	92.6 %	85.6 %	75.0 %	85.7 %	93.2 %	84.0 %
Sep - 15	76.0	83.8	91.7	91.6	80.4	83.3	92.1	86.0
Oct - 15	78.8	89.9	94.7	91.3	87.9	74.9	83.9	85.6
Nov - 15	64.4	62.5	67.0	74.4	73.7	76.6	78.4	70.5
Dec - 15	43.9	51.5	55.8	57.2	59.1	56.4	65.7	55.8
Jan - 16	52.8	54.4	65.4	71.9	69.0	62.9	69.4	63.5
Feb - 16	50.0	61.5	74.9	79.0	69.2	66.1	71.6	67.3
Mar - 16	41.5	61.2	73.5	81.5	75.9	69.0	70.5	68.5
Apr - 16	61.3	81.3	91.6	91.0	79.0	69.2	66.4	76.5
May - 16	66.5	87.3	95.8	87.4	76.8	73.7	84.9	81.9
Jun - 16	80.3	93.9	97.7	90.9	86.2	86.4	88.5	89.1
Jul - 16	74.9	84.8	95.6	95.1	90.5	86.4	92.2	88.1
Average	63.6 %	74.6 %	82.6 %	82.8 %	76.9 %	74.1 %	79.7 %	76.3 %

Source: STR

FIGURE 5-9 AVERAGE RATE BY DAY OF WEEK (TRAILING 12 MONTHS)

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Aug - 15	\$189.64	\$204.21	\$206.43	\$199.76	\$179.28	\$175.64	\$181.51	\$191.23
Sep - 15	196.32	204.91	210.76	210.31	201.55	193.47	198.38	203.06
Oct - 15	207.50	218.01	224.88	222.18	211.23	193.21	192.16	209.60
Nov - 15	171.40	171.17	184.42	186.05	179.44	167.15	164.81	174.61
Dec - 15	136.47	143.81	151.68	162.57	173.13	133.59	133.15	149.49
Jan - 16	154.59	162.08	169.44	173.33	166.92	151.44	151.52	160.82
Feb - 16	153.26	168.55	178.16	178.42	171.15	154.32	151.54	166.00
Mar - 16	158.95	173.34	175.94	179.02	170.45	154.61	155.26	168.40
Apr - 16	186.39	199.10	204.43	202.50	190.21	169.40	166.61	188.73
May - 16	188.68	206.08	209.83	203.83	188.35	169.36	176.59	193.85
Jun - 16	211.36	220.76	226.04	215.89	204.79	194.87	195.74	210.34
Jul - 16	201.44	220.03	223.56	211.21	190.58	176.39	182.57	199.62
Average	\$183.90	\$195.18	\$200.13	\$197.20	\$187.08	\$171.38	\$173.08	\$187.11

Source: STR

FIGURE 5-10 OCCUPANCY, AVERAGE RATE, AND REVPAR BY DAY OF WEEK (MULTIPLE YEARS)

Occupancy (%)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Aug 13 - Jul 14	60.9 %	75.2 %	82.9 %	80.8 %	74.8 %	73.5 %	78.8 %	75.3 %
Aug 14 - Jul 15	62.0	75.1	85.6	84.9	74.8	74.0	80.4	76.7
Aug 15 - Jul 16	63.6	74.6	82.6	82.8	76.9	74.1	79.7	76.3
<u>Change (Occupancy Points)</u>								
FY 14 - FY 15	1.1	(0.1)	2.7	4.1	(0.0)	0.6	1.6	1.4
FY 15 - FY 16	1.6	(0.5)	(3.0)	(2.1)	2.1	0.1	(0.6)	(0.4)
ADR (\$)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Aug 13 - Jul 14	\$170.92	\$183.59	\$186.98	\$182.10	\$173.29	\$154.56	\$154.00	\$172.50
Aug 14 - Jul 15	179.30	193.10	196.89	195.92	182.25	164.95	168.08	183.37
Aug 15 - Jul 16	183.90	195.18	200.13	197.20	187.08	171.38	173.08	187.11
<u>Change (Dollars)</u>								
FY 14 - FY 15	\$8.38	\$9.51	\$9.91	\$13.83	\$8.96	\$10.39	\$14.08	\$10.87
FY 15 - FY 16	4.60	2.08	3.24	1.28	4.83	6.44	5.01	3.74
<u>Change (Percent)</u>								
FY 14 - FY 15	4.9 %	5.2 %	5.3 %	7.6 %	5.2 %	6.7 %	9.1 %	6.3 %
FY 15 - FY 16	2.6	1.1	1.6	0.7	2.7	3.9	3.0	2.0
RevPAR (\$)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Aug 13 - Jul 14	\$104.10	\$138.00	\$155.02	\$147.13	\$129.68	\$113.55	\$121.36	\$129.83
Aug 14 - Jul 15	111.21	144.94	168.54	166.39	136.31	122.09	135.07	140.60
Aug 15 - Jul 16	117.02	145.56	165.31	163.25	143.85	126.97	138.02	142.77
<u>Change (Dollars)</u>								
FY 14 - FY 15	\$7.11	\$6.94	\$13.52	\$19.26	\$6.62	\$8.55	\$13.72	\$10.77
FY 15 - FY 16	5.81	0.61	(3.23)	(3.14)	7.54	4.87	2.94	2.17
<u>Change (Percent)</u>								
FY 14 - FY 15	6.8 %	5.0 %	8.7 %	13.1 %	5.1 %	7.5 %	11.3 %	8.3 %
FY 15 - FY 16	5.2	0.4	(1.9)	(1.9)	5.5	4.0	2.2	1.5

Source: STR

In most markets, business travel, including individual commercial travelers and corporate groups, is the predominant source of demand on Monday through Thursday nights. Leisure travelers and non-business-related groups generate a majority of demand on Friday and Saturday nights. The influence of the commercial and meeting/group segments, particularly demand generated by the Colorado Convention Center, is evident in the occupancy and average rate levels



recorded on Tuesday, Wednesday, and Thursday. Furthermore, the presence of strong leisure demand during the peak summer months is evident in the occupancy and average rate levels recorded on Friday and Saturday nights of June through September.

SUPPLY

Based on an evaluation of the occupancy, rate structure, market orientation, chain affiliation, location, facilities, amenities, reputation, and quality of each area hotel, as well as the comments of management representatives, we have identified several properties that are considered primarily competitive with the subject property. If applicable, additional lodging facilities may be judged only secondarily competitive; although the facilities, rate structures, or market orientations of these hotels prevent their inclusion among the primary competitive supply, they do compete with the subject property to some extent.

The following table summarizes the important operating characteristics of the primary competitors and the aggregate secondary competitors (if applicable). This information was compiled from personal interviews, inspections, online resources, and our in-house database of operating and hotel facility data.

FIGURE 5-11 PRIMARY COMPETITORS – OPERATING PERFORMANCE

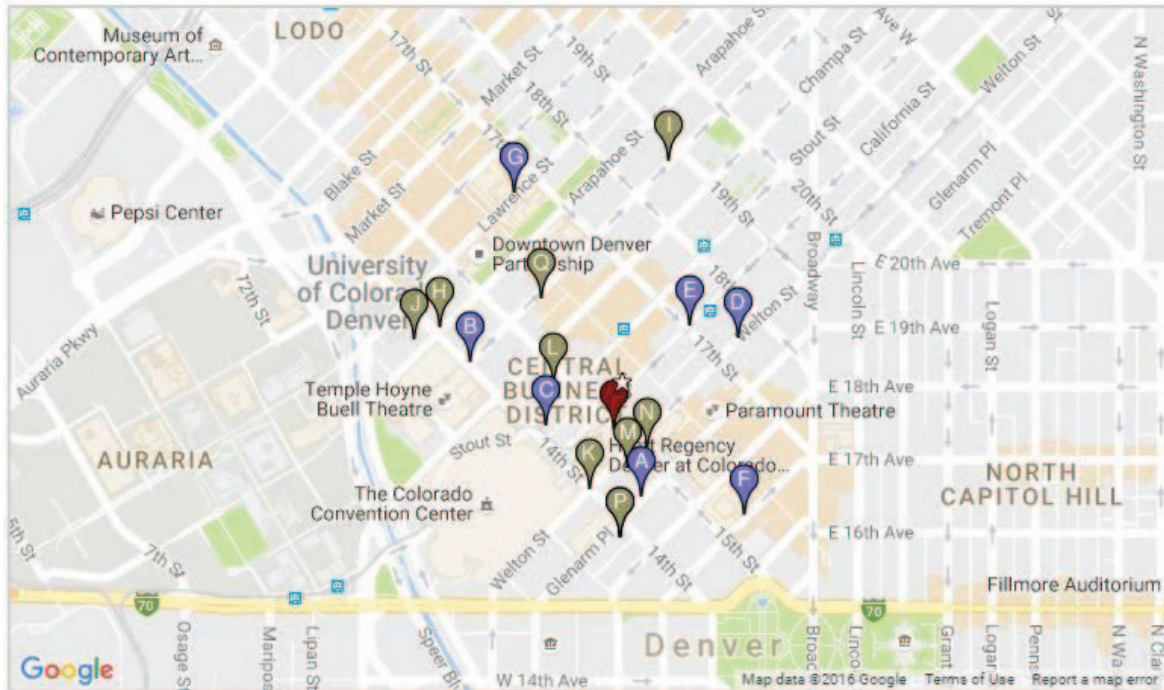
Property	Number of Rooms	Est. Segmentation			Estimated 2014				Estimated 2015					
		Meeting and Group	Commercial	Leisure	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Hyatt Regency Denver Colorado Convention Center	1,100	65 %	20 %	15 %	1,100	75.1 %	\$183.16	\$137.49	1,100	75.2 %	\$187.83	\$141.24	97.6 %	100.2 %
Crowne Plaza Denver	364	40	35	25	364	70 - 75	140 - 150	100 - 105	364	65 - 70	150 - 160	105 - 110	85 - 90	70 - 75
Curtis DoubleTree Hotel	336	35	30	35	336	80 - 85	150 - 160	125 - 130	336	75 - 80	160 - 170	130 - 140	100 - 110	90 - 95
Embassy Suites Denver Downtown Convention Center	403	35	45	20	403	75 - 80	180 - 190	140 - 150	403	75 - 80	180 - 190	140 - 150	100 - 110	100 - 110
Grand Hyatt Denver	516	45	35	20	516	75 - 80	170 - 180	130 - 140	516	75 - 80	180 - 190	140 - 150	100 - 110	100 - 110
Marriott Denver City Center	613	55	30	15	613	70 - 75	170 - 180	125 - 130	613	70 - 75	180 - 190	130 - 140	90 - 95	90 - 95
Sheraton Denver	1,231	55	30	15	1,231	70 - 75	150 - 160	110 - 115	1,231	75 - 80	150 - 160	120 - 125	100 - 110	80 - 85
Westin Denver Downtown	430	45	35	20	430	75 - 80	180 - 190	140 - 150	430	75 - 80	190 - 200	140 - 150	95 - 100	100 - 110
Sub-Totals/Averages	4,993	51 %	30 %	18 %	4,993	75.6 %	\$168.77	\$127.53	4,993	76.7 %	\$173.74	\$133.20	99.5 %	94.5 %
Secondary Competitors	1,751	26 %	45 %	29 %	882	78.5 %	\$218.80	\$171.71	1,005	79.1 %	\$226.89	\$179.40	102.6 %	127.3 %
Totals/Averages	6,744	47 %	33 %	20 %	5,875	76.0 %	\$176.52	\$134.16	5,998	77.1 %	\$182.88	\$140.94	100.0 %	100.0 %

* Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.



The following map illustrates the locations of the subject property and its competitors.

MAP OF COMPETITION



- | | |
|--|--|
| Hyatt Regency Denver Colorado Convention Center | Ritz-Carlton Denver (Secondary) |
| Crowne Plaza Denver (Primary) | Hotel Teatro (Secondary) |
| Curtis DoubleTree Hotel (Primary) | Hilton Garden Inn Denver Downtown (Secondary) |
| Embassy Suites Denver Downtown Convention Center (Primary) | Aloft Denver Downtown (Secondary) |
| Grand Hyatt Denver (Primary) | Hampton Inn Denver Convention Center (Secondary) |
| Marriott Denver City Center (Primary) | Homewood Suites Denver Convention Center (Secondary) |
| Sheraton Denver (Primary) | Hyatt Place Denver Downtown (Secondary) |
| Westin Denver Downtown (Primary) | Hyatt House Denver Downtown (Secondary) |
| Four Seasons Denver (Secondary) | Courtyard by Marriott Denver Downtown (Secondary) |



Our survey of the primarily competitive hotels in the local market shows a range of lodging types and facilities. Each primary competitor was inspected and evaluated. Descriptions of our findings are presented below.

PRIMARY COMPETITOR #1 - CROWNE PLAZA DENVER



Crowne Plaza Denver
1450 Glenarm Place
Denver, CO

FIGURE 5-12 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2011	364	70 - 75 %	\$120 - \$125	\$85 - \$90	95 - 100 %	75 - 80 %
Est. 2012	364	65 - 70	125 - 130	85 - 90	90 - 95	70 - 75
Est. 2013	364	65 - 70	130 - 140	85 - 90	90 - 95	75 - 80
Est. 2014	364	70 - 75	140 - 150	100 - 105	90 - 95	75 - 80
Est. 2015	364	65 - 70	150 - 160	105 - 110	85 - 90	70 - 75

The Crowne Plaza Denver is owned by Hospitality Properties Trust and is operated by Driftwood Hospitality. Facilities and amenities include Off Sixteenth Restaurant, The Place Lounge, an outdoor pool (open seasonally), a fitness room, a business center, and approximately 8,000 square feet of meeting space. The hotel, which opened in 1973, was undergoing renovations as of September 2016. Upon scheduled completion in early 2017, upgrades will have included new guestroom softgoods, carpeting, and case goods; furthermore, the public areas are expected to receive new carpeting and wallcovering. This hotel benefits from its strong brand affiliation as the only full-service, IHG-branded property in Downtown Denver. Overall, the property appeared to be in good condition, inferior to the subject property's condition. Its accessibility is similar to that of the subject hotel, and its visibility is inferior to the Hyatt Regency Denver Colorado Convention Center.

PRIMARY COMPETITOR #2 - CURTIS DOUBLETREE HOTEL



Curtis DoubleTree Hotel
1405 Curtis Street
Denver, CO

FIGURE 5-13 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2011	336	70 - 75 %	\$130 - \$140	\$90 - \$95	100 - 110 %	80 - 85 %
Est. 2012	336	80 - 85	130 - 140	105 - 110	110 - 120	90 - 95
Est. 2013	336	75 - 80	140 - 150	110 - 115	100 - 110	90 - 95
Est. 2014	336	80 - 85	150 - 160	125 - 130	100 - 110	90 - 95
Est. 2015	336	75 - 80	160 - 170	130 - 140	100 - 110	90 - 95

The Curtis Denver - a DoubleTree by Hilton is owned by AllianceBernstein Holding LP and is operated by Sage Hospitality. Facilities and amenities include The Oceanaire Seafood Room, The Corner Office Restaurant & Martini Bar, an indoor pool and whirlpool, a fitness room, a gift shop, a business center, and 22,500 square feet of meeting space. The hotel, which opened in 1974, underwent a \$17-million, comprehensive renovation from 2012 through 2014. During the renovation, the guestrooms received new carpeting, wallcovering, bedding, case goods, and décor; furthermore, the hotel's public space received new carpeting and wallcovering. The hotel's meeting space was expanded that year, as well. This hotel benefits from its positioning as a hip, urban boutique property with a pop-culture theme and recent renovations. Overall, the property appeared to be in very good condition, similar to the subject property's condition. Its accessibility is similar to that of the subject hotel, and its visibility is similar to the Hyatt Regency Denver Colorado Convention Center.

PRIMARY COMPETITOR #3 - EMBASSY SUITES DENVER DOWNTOWN CONVENTION CENTER



**Embassy Suites Denver
Downtown Convention
Center**
1420 Stout Street
Denver, CO

FIGURE 5-14 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2011	403	60 - 65 %	\$160 - \$170	\$100 - \$105	90 - 95 %	90 - 95 %
Est. 2012	403	70 - 75	160 - 170	115 - 120	95 - 100	100 - 110
Est. 2013	403	70 - 75	170 - 180	130 - 140	100 - 110	100 - 110
Est. 2014	403	75 - 80	180 - 190	140 - 150	100 - 110	100 - 110
Est. 2015	403	75 - 80	180 - 190	140 - 150	100 - 110	100 - 110

The Embassy Suites Denver Downtown/Convention Center is owned by Cornerstone Real Estate Advisers and is operated by Sage Hospitality. Facilities and amenities include Elements (restaurant and bar), a breakfast dining area (offering a complimentary breakfast and evening manager's reception), a Starbucks café, a fitness room, a guest laundry facility, a business center, and 22,500 square feet of meeting space. The hotel, which opened in 2010, has not undergone any recent renovations, according to hotel management. This LEED Silver-certified hotel benefits from its upscale, all-suite product offering and inclusion of complimentary breakfast in its rate. Overall, the property appeared to be in very good condition, similar to the subject property's condition. Its accessibility is similar to that of the subject hotel, and its visibility is similar to the Hyatt Regency Denver Colorado Convention Center.

PRIMARY COMPETITOR #4 - GRAND HYATT DENVER



Grand Hyatt Denver
1750 Welton Street
Denver, CO

FIGURE 5-15 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2011	516	70 - 75 %	\$150 - \$160	\$115 - \$120	100 - 110 %	100 - 110 %
Est. 2012	516	75 - 80	150 - 160	120 - 125	100 - 110	100 - 110
Est. 2013	516	65 - 70	150 - 160	110 - 115	95 - 100	90 - 95
Est. 2014	516	75 - 80	170 - 180	130 - 140	100 - 110	100 - 110
Est. 2015	516	75 - 80	180 - 190	140 - 150	100 - 110	100 - 110

The Grand Hyatt Denver is owned by Sarco LLC, an investment company controlled by the Anschutz Family, and is operated by Hyatt Hotels & Resorts. This property was known as the Hyatt Regency Denver until the opening of the Hyatt Regency Denver Colorado Convention Center in 2005. Facilities and amenities include Pub 17 (a full-service restaurant and lounge), the Fireside lobby lounge, an indoor pool, an outdoor tennis court and running track, and approximately 35,000 square feet of meeting space. The hotel, which was built in 1979 as a Fairmont, underwent a \$28-million renovation in 2013; a 29-foot fireplace was added as part of a reconfiguration of the lobby, and upgrades were made to the public areas, meeting space (including the 38th floor Pinnacle Club), Pub 17, and guestrooms. Furthermore, in 2015, \$5.4 million was spent to renovate the Aspen and Colorado Ballrooms and foyers. This hotel benefits from synergistic marketing efforts with the Hyatt Regency Denver Colorado Convention Center, which shares a sales, revenue management, and reservations department, as well as from its luxury Grand Hyatt affiliation. Overall, the property appeared to be in very good condition, similar to the subject property's condition. Its accessibility is similar to that of the subject hotel, and its visibility is similar to the Hyatt Regency Denver Colorado Convention Center.

PRIMARY COMPETITOR #5 - MARRIOTT DENVER CITY CENTER



Marriott Denver City Center
1701 California Street
Denver, CO

FIGURE 5-16 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2011	613	65 - 70 %	\$150 - \$160	\$100 - \$105	95 - 100 %	90 - 95 %
Est. 2012	613	65 - 70	160 - 170	110 - 115	95 - 100	95 - 100
Est. 2013	613	65 - 70	160 - 170	110 - 115	90 - 95	90 - 95
Est. 2014	613	70 - 75	170 - 180	125 - 130	90 - 95	90 - 95
Est. 2015	613	70 - 75	180 - 190	130 - 140	90 - 95	90 - 95

The Marriott Denver City Center is owned by Chesapeake Lodging Trust and is operated by Marriott International. Facilities and amenities include Prospect's Urban Kitchen and Bar, a Starbucks café, a fitness center, an indoor pool, a business center, and approximately 30,000 square feet of meeting space. The hotel, which was built in 1982 as the MCI Tower, was last renovated in 2014, including a redesign of the lobby and fitness center. Upgrades included new lobby furniture, flat-panel televisions, décor, and paint, as well as the installation of a two-story stone fireplace, the removal of the indoor whirlpool, and the expansion of the fitness center. Furthermore, the Starbucks café was added in 2014. According to hotel management, a comprehensive renovation of the hotel's guestrooms began in late 2015; upgrades are expected to include new softgoods and case goods, as well as new bathroom fixtures. This hotel is somewhat disadvantaged by its smaller-sized guestroom offering, but benefits from its ongoing refurbishment. Overall, the property appeared to be in very good condition, similar to the subject hotel's condition. Its accessibility is similar to the accessibility attributes of the subject hotel, while its visibility is similar to that of the Hyatt Regency Denver Colorado Convention Center.

PRIMARY COMPETITOR #6 - SHERATON DENVER



Sheraton Denver
1550 Court Place
Denver, CO

FIGURE 5-17 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2011	1,231	60 - 65 %	\$140 - \$150	\$90 - \$95	90 - 95 %	80 - 85 %
Est. 2012	1,231	65 - 70	140 - 150	95 - 100	90 - 95	80 - 85
Est. 2013	1,231	65 - 70	140 - 150	100 - 105	95 - 100	85 - 90
Est. 2014	1,231	70 - 75	150 - 160	110 - 115	95 - 100	80 - 85
Est. 2015	1,231	75 - 80	150 - 160	120 - 125	100 - 110	80 - 85

The Sheraton Denver is owned by AVR Realty and is operated by Starwood Hotels & Resorts Worldwide. Food and beverage establishments include 15?Fifty Restaurant, 16Mix (bar/lounge), Peet's Coffee & Tea, Yard House (upscale eatery, offering lunch and dinner), and Zoup! (fast-service soup outlet). Other facilities and amenities include an outdoor pool, a fitness center, the Link@Sheraton (lobby workstation), a gift shop, and approximately 133,000 square feet of meeting space. The hotel, which opened in 1960, was last renovated in 2009. This hotel benefits from its expansive offering of meeting space, the largest in the Downtown Denver market. Overall, the property appeared to be in good condition, inferior to the subject hotel's condition. Its accessibility is similar to the accessibility attributes of the subject hotel, while its visibility is inferior to that of the Hyatt Regency Denver Colorado Convention Center.

PRIMARY COMPETITOR #7 - WESTIN DENVER DOWNTOWN



**Westin Denver
Downtown**
1672 Lawrence Street
Denver, CO

FIGURE 5-18 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2011	430	70 - 75 %	\$160 - \$170	\$125 - \$130	100 - 110 %	110 - 120 %
Est. 2012	430	70 - 75	160 - 170	120 - 125	100 - 110	100 - 110
Est. 2013	430	70 - 75	170 - 180	125 - 130	100 - 110	100 - 110
Est. 2014	430	75 - 80	180 - 190	140 - 150	100 - 110	100 - 110
Est. 2015	430	75 - 80	190 - 200	140 - 150	95 - 100	100 - 110

The Westin Denver Downtown is owned by Host Hotels & Resorts and is managed by Starwood Hotels & Resorts Worldwide. Facilities and amenities include the Palm and Augusta restaurants, V's Lounge, an indoor/outdoor pool with sundeck, a fitness center, a business center, a gift shop, and approximately 25,000 square feet of meeting space. The hotel, which opened in 1985, was renovated in 2013. The \$5.5-million renovation included pool/pool deck enhancements; the replacement of a 220-seat theatre auditorium with a 3,600-square-foot ballroom; and new carpeting, furniture, and wallcovering in all the meeting rooms. This hotel benefits from its location within the Tabor Center, which provides guests with several shopping and dining options. Overall, the property appeared to be in very good condition, similar to the subject hotel's condition. Its accessibility is similar to the accessibility attributes of the subject hotel, while its visibility is similar to that of the Hyatt Regency Denver Colorado Convention Center.



Secondary Competitors

We have also reviewed other area lodging facilities to determine whether any may compete with the subject property on a secondary basis. The room count of each secondary competitor has been weighted based on its assumed degree of competitiveness with the subject property. By assigning degrees of competitiveness, we can assess how the subject property and its competitors may react to various changes in the market, including new supply, changes to demand generators, and renovations or franchise changes of existing supply. The following table sets forth the pertinent operating characteristics of the secondary competitors.

FIGURE 5-19 SECONDARY COMPETITOR(S) – OPERATING PERFORMANCE

Property	Number of Rooms	Est. Segmentation			Total Competitive Level	Estimated 2014				Estimated 2015			
		Meeting and Group	Commercial	Leisure		Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
Four Seasons Denver	239	35 %	35 %	30 %	75 %	179	75 - 80 %	\$290 - \$300	\$220 - \$230	179	75 - 80 %	\$300 - \$325	\$240 - \$250
Ritz-Carlton Denver	202	35	40	25	75	152	75 - 80	290 - 300	220 - 230	152	75 - 80	300 - 325	220 - 230
Hotel Teatro	109	25	40	35	70	76	70 - 75	220 - 230	160 - 170	76	70 - 75	230 - 240	170 - 180
Hilton Garden Inn Denver Downtown	221	25	50	25	70	155	80 - 85	160 - 170	130 - 140	155	80 - 85	170 - 180	140 - 150
Aloft Denver Downtown	140	20	50	30	70	2	35 - 40	160 - 170	65 - 70	98	90 - 95	190 - 200	180 - 190
Hampton Inn Denver Convention Center	120	15	60	25	70	84	70 - 75	170 - 180	125 - 130	84	75 - 80	180 - 190	130 - 140
Homewood Suites Denver Convention Center	182	15	50	35	65	118	75 - 80	160 - 170	130 - 140	118	80 - 85	170 - 180	140 - 150
Hyatt Place Denver Downtown	248	25	45	30	65					19	50 - 55	170 - 180	90 - 95
Hyatt House Denver Downtown	113	20	40	40	65					9	55 - 60	160 - 170	95 - 100
Courtyard by Marriott Denver Downtown	177	30	45	25	65	115	80 - 85	170 - 180	140 - 150	115	75 - 80	200 - 210	160 - 170
Totals/Averages	1,751	26 %	45 %	29 %	69 %	882	78.5 %	\$218.80	\$171.71	1,005	79.1 %	\$226.89	\$179.40

* Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.



We have identified ten hotels that compete with the subject property on a secondary level. The Four Seasons Denver, Ritz-Carlton Denver, and Hotel Teatro compete for overlapping leisure business; however, these luxury hotels operate at a higher price point. The Hilton Garden Inn Denver Downtown, Aloft Denver Downtown, and Courtyard by Marriott Denver Downtown compete for similar commercial demand; however, these properties offer select-service products. The Hampton by Hilton Denver Convention Center and Homewood Suites by Hilton Denver Convention Center are located within one block of the subject property and compete for overlapping group demand generated by the Colorado Convention Center; however, these two hotels offer limited-service products. Lastly, the Hyatt Place Denver Downtown and Hyatt House Denver Downtown are competitive given their shared brand affiliation; however, these select- and limited-service hotels, respectively, offer significantly less meeting space and operate at a lower price points.

Supply Changes

It is important to consider any new hotels that may have an impact on the subject property's operating performance. The following chart sets forth the hotels that have recently opened, are under construction, or are in the stages of early development in the Denver market. The list is categorized by the principal submarkets within the city.

FIGURE 5-20 AREA DEVELOPMENT ACTIVITY

Proposed Hotel Name	Estimated Number of Rooms	Hotel Product Tier	Development Stage	Expected Qtr. & Year of Opening	Address
Downtown - CBD/Golden Triangle					
AC by Marriott	223	Upscale	Under Construction	Q3 '17	750 15th Street
Le Méridien	272	Upper-Upscale	Under Construction	Q3 '17	750 15th Street
Cambria Inn & Suites	125	Upscale	Speculative	2018	1320 Glenarm Place
1701 Blake Hotel	200	TBD	Speculative	2018	1701 Blake Street
Residence Inn by Marriott	150	Upper-Upscale	Speculative	2018	1350 Elati Street
Block 162 Development	200-300	TBD	Speculative	Unknown	16th Street and California Street
Downtown - Lower Downtown					
Hotel Indigo Union Tower West	188	Upscale	Under Construction	Q4 '16	1801 Wewatta Street
Hotel Born	200	Upper-Upscale	Under Construction	Q1 '17	16th Street and Wewatta Street
The Maven (Dairy/Z Block)	172	Upper-Upscale	Under Construction	Q2 '17	1800 Wazee Street
Hilton Garden Inn Union Station	214	Upscale	Early Development	2018	1999 Chestnut Street
1600 Market Hotel	220	TBD	Speculative	2018	1600 Market Street
Downtown - River North					
The Source Hotel	100	Luxury	Under Construction	Q1 '17	3330 Brighton Boulevard
The Ramble Hotel	50	TBD	Broke Ground	Q3 '17	25th Street and Larimer Street
World Trade Center Campus Development	120	TBD	Speculative	Q1 '19	28th Street and Blake Street
Drive Train Hotel	120	TBD	Speculative	Q1 '19	33rd Street and Brighton Boulevard
Denver Highlands					
Tribute Portfolio Hotel	162	Upscale	Early Development	Q3 '18	2525 16th Street
Cherry Creek					
Halcyon	154	Luxury	Recently Opened	Q2 '16	245 Columbine Street
Rollnick Hotel	200	Upscale	Seeking Entitlements	Q2 '17	222 Milwaukee Street
Moxy Hotel	170	Upscale	Under Construction	Q3 '17	240 Josephine Street
Denver International Airport					
Home2 Suites by Hilton	111	Economy	Under Construction	Q4 '16	6792 North Tower Road
Marriott Gaylord Hotel and Entertainment Center	1501	Upper-Upscale	Under Construction	Q4 '18	6700 North Gaylord Rockies Boulevard

Of the hotels listed in the preceding chart, we have identified the following new supply that is expected to have some degree of competitive interaction with the subject hotel, based on their location, anticipated market orientation and price point, and/or operating profile.

FIGURE 5-21 NEW SUPPLY

Proposed Property	Number of Rooms	Total Competitive Level	Weighted Room Count	Estimated Opening Date	Developer	Development Stage
AC by Marriott	223	100 %	223	October 1, 2017	White Lodging	Under Construction
Le Méridien	272	100	272	October 1, 2017	White Lodging	Under Construction
Marriott Gaylord Hotel and Entertainment Center	1,501	30	450	October 1, 2018	Marriott International / RIDA Development	Under Construction
Totals/Averages	1,996		945			

The proposed AC Hotel by Marriott and Le Méridien will be similar to the subject property in terms of product and service level, both located within one block of the



subject site; therefore, these hotels have been weighted as fully competitive new supply in our analysis. In addition, the proposed 1,501-room Marriott Gaylord Hotel is expected to open in late 2018. This hotel, which will be located near Denver International Airport, is anticipated to compete with the subject property and the Colorado Convention Center for similar meeting and group demand. However, given the 15-mile distance and expansive product offering, which is expected to include multiple restaurants, a water park, and several retail outlets, this property has been weighted secondarily competitive in our analysis. Furthermore, we note that the Emily Griffith School, located one block south of the subject property, has been proposed for future hotel development. According to local representatives, the site is under contract by a hotel developer who is looking at multiple options for future development, including a second headquarters hotel for the convention center. Due to the speculative nature of this proposed hotel, it has only been considered qualitatively in our positioning of the subject hotel's stabilized occupancy level.

While we have taken reasonable steps to investigate proposed hotel projects and their status, due to the nature of real estate development, it is impossible to determine with certainty every hotel that will be opened in the future, or what their marketing strategies and effect in the market will be. Depending on the outcome of current and future projects, the future operating potential of the subject property may be affected. Future improvement in market conditions will raise the risk of increased competition. Our forthcoming forecast of stabilized occupancy and average rate is intended to reflect such risk.

Supply Conclusion

We have identified various properties that are competitive to some degree with the subject property. We have also investigated potential increases in competitive supply in this Denver submarket. The Hyatt Regency Denver Colorado Convention Center will continue to operate in a dynamic market of varying product types and price points. Next, we will present our forecast for demand change, using the historical supply data presented as a starting point.

DEMAND

The following table presents the most recent trends for the subject hotel market as tracked by HVS. These data pertain to the subject and competitors discussed previously in this section; performance results are estimated, rounded for the competition, and in some cases weighted if there are secondary competitors present. In this respect, the information in the table differs from the previously presented STR data and is consistent with the supply and demand analysis developed for this report.



FIGURE 5-22 HISTORICAL MARKET TRENDS

Year	Accommodated Room Nights	% Change	Room Nights Available	% Change	Market Occupancy	Market ADR	% Change	Market RevPAR	% Change
Est. 2011	1,455,049	—	2,069,733	—	70.3 %	\$158.00	—	\$111.07	—
Est. 2012	1,505,602	3.5 %	2,069,477	(0.0) %	72.8	159.49	0.9 %	116.04	4.5 %
Est. 2013	1,524,451	1.3	2,125,110	2.7	71.7	164.37	3.1	117.91	1.6
Est. 2014	1,629,611	6.9	2,144,199	0.9	76.0	176.52	7.4	134.16	13.8
Est. 2015	1,687,150	3.5	2,189,176	2.1	77.1	182.88	3.6	140.94	5.1
Avg. Annual Compounded Chg., Est. 2011-Est. 2015:		3.8 %		1.4 %			3.7 %		6.1 %

Demand Analysis Using Market Segmentation

For the purpose of demand analysis, the overall market is divided into individual segments based on the nature of travel. Based on our fieldwork, area analysis, and knowledge of the local lodging market, we estimate the 2015 distribution of accommodated-room-night demand as follows.

FIGURE 5-23 ACCOMMODATED ROOM-NIGHT DEMAND

Market Segment	Marketwide		Subject Property	
	Accommodated Demand	Percentage of Total	Accommodated Demand	Percentage of Total
Meeting and Group	790,632	47 %	196,249	65 %
Commercial	555,991	33	60,384	20
Leisure	340,526	20	45,288	15
Total	1,687,150	100 %	301,922	100 %

The market's demand mix comprises meeting and group demand, with this segment representing roughly 47% of the accommodated room nights in this Denver submarket. The remaining portion comprises commercial at 33%, with the final portion leisure in nature, reflecting 20%.

Using the distribution of accommodated hotel demand as a starting point, we will analyze the characteristics of each market segment in an effort to determine future trends in room-night demand.

Meeting And Group Segment

The meeting and group market includes meetings, seminars, conventions, trade association shows, and similar gatherings of ten or more people. Peak convention demand typically occurs in the spring and fall. Although there are numerous classifications within the meeting and group segment, the primary categories considered in this analysis are corporate groups, associations, and SMERFE (social,

military, ethnic, religious, fraternal, and educational) groups. Corporate groups typically meet during the business week, most commonly in the spring and fall months. These groups tend to be the most profitable for hotels, as they typically pay higher rates and usually generate ancillary revenues including food and beverage and/or banquet revenue. SMERFE groups are typically price-sensitive and tend to meet on weekends and during the summer months or holiday season, when greater discounts are usually available; these groups generate limited ancillary revenues. Association demand is generally divided on a geographical basis, with national, regional, and state associations representing the most common sources. Professional associations and/or those supported by members' employers often meet on weekdays, while other associations prefer to hold events on weekends. The profile and revenue potential of associations varies depending on the group and the purpose of the meeting or event.

Meeting and group demand in this market is highly driven by the Colorado Convention Center and local corporate entities in the area. The high concentration of corporate headquarters and the variety of smaller firms in the market are expected to continue to bolster group room-block needs locally. According to the Denver Metro Convention & Visitor Bureau, the Colorado Convention Center recorded a historically high number of convention delegates in 2014, besting the previous high, which was set in 2013. Representatives of Visit Denver attribute the improved convention numbers to increases in local tourism, as well as the vast amount of hotel space offered within walking distance of the facility. The Colorado Convention Center has reported that meeting and group booking activity for 2016 is expected to decline; however, demand in 2017 should stabilize, allowing for moderate future growth. The planned expansion of the Convention Center in 2019 should allow for larger meetings and events; however, growth is anticipated to be limited by the opening of the Marriott Gaylord in late 2018, which will compete with Downtown Denver for meeting and group demand.

Commercial Segment

Commercial demand consists mainly of individual businesspeople passing through the subject market or visiting area businesses, in addition to high-volume corporate accounts generated by local firms. Brand loyalty (particularly frequent-traveler programs), as well as location and convenience with respect to businesses and amenities, influence lodging choices in this segment. Companies typically designate hotels as "preferred" accommodations in return for more favorable rates, which are discounted in proportion to the number of room nights produced by a commercial client. Commercial demand is strongest Monday through Thursday nights, declines significantly on Friday and Saturday, and increases somewhat on Sunday night. It is relatively constant throughout the year, with marginal declines in late December and during other holiday periods.

A major factor considered in the development of our growth rates for the commercial segment is the strength of companies in Downtown Denver that span a diverse spectrum of industries and sectors, including telecommunications and broadcasting, information technology, financial services, mining, and healthcare. Companies including Deloitte, CenturyLink, Comcast Corporation, DaVita, Raytheon Company, Halliburton, and IBM produce room-night demand and support commercial-related room-night production in the area. Growth potential is also supported by entities such as ReadyTalk, Antero Resources, and the U.S. Trademark and Patent office. Furthermore, recently completed and planned commercial developments in Downtown Denver, including the redevelopment of the Union Station area, as well as the mid-year 2016 opening of a 21-story office complex at 14th Street and Lawrence Street and the completion of the mixed-use Curtis Street development in 2017, should stimulate demand growth in the future. As such, we have forecast modest growth to occur within the commercial segment.

Leisure Segment

Leisure demand consists of individuals and families spending time in an area or passing through en route to other destinations. Travel purposes include sightseeing, recreation, or visiting friends and relatives. Leisure demand also includes room nights booked through Internet sites such as Expedia, Hotels.com, and Priceline; however, leisure may not be the purpose of the stay. This demand may also include business travelers and group and convention attendees who use these channels to take advantage of any discounts that may be available on these sites. Leisure demand is strongest Friday and Saturday nights, and all week during holiday periods and the summer months. These peak periods represent the inverse of commercial visitation trends, underscoring the stabilizing effect of capturing weekend and summer tourist travel. Future leisure demand is related to the overall economic health of the region and the nation. Trends showing changes in state and regional unemployment and disposable personal income correlate strongly with leisure travel levels.

Leisure demand in Downtown Denver is generated by numerous attractions, including the Denver Center for The Performing Arts, Pepsi Center, Coors Field, the 16th Street Mall, Larimer Square, Denver Pavilions, and other retail and entertainment venues. Entertainment demand is a strong component of the leisure segment, as concerts and shows draw sizeable crowds to the area. In addition to entertainment options, sporting events held at Coors Field, Sports Authority Field at Mile High, and Pepsi Center register strong attendance levels. Weekend demand in Downtown Denver includes visitors from surrounding cities and neighboring states such as Wyoming and Nebraska, which lack large entertainment venues. The area is also convenient as a stopover en route to the Rocky Mountains. Furthermore, the recent completion of the Union Station redevelopment project has provided additional entertainment, lodging, and dining options to Downtown's LoDo District, which is also anticipated to support leisure activity throughout the



entire Downtown area. As such, we expect modest growth to occur within this segment through the stabilized year.

Base Demand Growth Rates

The purpose of segmenting the lodging market is to define each major type of demand, identify customer characteristics, and estimate future growth trends. Starting with an analysis of the local area, three segments were defined as representing the subject property's lodging market. Various types of economic and demographic data were then evaluated to determine their propensity to reflect changes in hotel demand. Based on this procedure, we forecast the following annual growth rates for each demand segment.

FIGURE 5-24 AVERAGE ANNUAL COMPOUNDED MARKET SEGMENT GROWTH RATES

Market Segment	Annual Growth Rate					
	2016	2017	2018	2019	2020	2021
Meeting and Group	-1.0 %	1.5 %	2.5 %	3.0 %	2.5 %	0.0 %
Commercial	6.0	3.0	1.5	1.5	1.0	0.0
Leisure	5.0	2.5	1.5	1.0	0.5	0.0
Base Demand Growth	2.5 %	2.2 %	1.9 %	2.1 %	1.6 %	0.0 %

Latent Demand

A table presented earlier in this section illustrated the accommodated-room-night demand in the subject property's competitive market. Because this estimate is based on historical occupancy levels, it includes only those hotel rooms that were used by guests. Latent demand reflects potential room-night demand that has not been realized by the existing competitive supply, further classified as either unaccommodated demand or induced demand.

Unaccommodated Demand

Unaccommodated demand refers to individuals who are unable to secure accommodations in the market because all the local hotels are filled. These travelers must defer their trips, settle for less desirable accommodations, or stay in properties located outside the market area. Because this demand did not yield occupied room nights, it is not included in the estimate of historical accommodated-room-night demand. If additional lodging facilities are expected to enter the market, it is reasonable to assume that these guests will be able to secure hotel rooms in the future, and it is therefore necessary to quantify this demand.

Unaccommodated demand is further indicated if the market is at all seasonal, with distinct high and low seasons; such seasonality indicates that although year-end occupancy may not average in excess of 70%, the market may sell out certain nights during the year. To evaluate the incidence of unaccommodated demand in the market, we have reviewed the average occupancy by the night of the week for

the past twelve months for the competitive set, as reflected in the STR data. This is set forth in the following table.

FIGURE 5-25 OCCUPANCY BY NIGHT OF THE WEEK

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Aug - 15	71.8 %	84.6 %	92.6 %	85.6 %	75.0 %	85.7 %	93.2 %	84.0 %
Sep - 15	76.0	83.8	91.7	91.6	80.4	83.3	92.1	86.0
Oct - 15	78.8	89.9	94.7	91.3	87.9	74.9	83.9	85.6
Nov - 15	64.4	62.5	67.0	74.4	73.7	76.6	78.4	70.5
Dec - 15	43.9	51.5	55.8	57.2	59.1	56.4	65.7	55.8
Jan - 16	52.8	54.4	65.4	71.9	69.0	62.9	69.4	63.5
Feb - 16	50.0	61.5	74.9	79.0	69.2	66.1	71.6	67.3
Mar - 16	41.5	61.2	73.5	81.5	75.9	69.0	70.5	68.5
Apr - 16	61.3	81.3	91.6	91.0	79.0	69.2	66.4	76.5
May - 16	66.5	87.3	95.8	87.4	76.8	73.7	84.9	81.9
Jun - 16	80.3	93.9	97.7	90.9	86.2	86.4	88.5	89.1
Jul - 16	74.9	84.8	95.6	95.1	90.5	86.4	92.2	88.1
Average	63.6 %	74.6 %	82.6 %	82.8 %	76.9 %	74.1 %	79.7 %	76.3 %

Source: STR

Our interviews with market participants found that the market generally sells out on Monday through Saturday nights during the peak travel season, as well as sporadically within other periods throughout the year. Peak periods include the spring, summer, and fall months. Special events, such as citywide conventions, festivals, and Pepsi Center events, regularly sell out competitive hotels. A portion of this demand, which is currently turned away, should return to the market concurrent with the supply increase. The following table presents our estimate of unaccommodated demand in the subject market.

FIGURE 5-26 UNACCOMMODATED DEMAND ESTIMATE

Market Segment	Accommodated Room Night Demand	Unaccommodated Demand Percentage	Unaccommodated Room Night Demand
Meeting and Group	790,632	4.5 %	35,199
Commercial	555,991	3.2	17,928
Leisure	340,526	2.1	7,132
Total	1,687,150	3.6 %	60,259



**Accommodated
Demand and Market-
wide Occupancy**

Accordingly, we have forecast unaccommodated demand equivalent to 3.6% of the base-year demand, resulting from our analysis of monthly and weekly peak demand and sell-out trends.

Based upon a review of the market dynamics in the subject property’s competitive environment, we have forecast growth rates for each market segment. Using the calculated potential demand for the market, we have determined market-wide accommodated demand based on the inherent limitations of demand fluctuations and other factors in the market area. The following table details our projection of lodging demand growth for the subject market, including the total number of occupied room nights and any residual unaccommodated demand in the market.

FIGURE 5-27 ACCOMMODATED DEMAND

	2015	2016	2017	2018	2019	2020	2021
Meeting and Group							
Base Demand	790,632	782,726	794,467	814,329	838,759	859,728	859,728
Unaccommodated Demand		34,847	35,370	36,254	37,341	38,275	38,275
Total Demand		817,573	829,837	850,582	876,100	898,002	898,002
Growth Rate		3.4 %	1.5 %	2.5 %	3.0 %	2.5 %	0.0 %
Commercial							
Base Demand	555,991	589,351	607,031	616,137	625,379	631,633	631,633
Unaccommodated Demand		19,004	19,574	19,868	20,166	20,367	20,367
Total Demand		608,355	626,605	636,005	645,545	652,000	652,000
Growth Rate		9.4 %	3.0 %	1.5 %	1.5 %	1.0 %	0.0 %
Leisure							
Base Demand	340,526	357,552	366,491	371,988	375,708	377,587	377,587
Unaccommodated Demand		7,488	7,676	7,791	7,869	7,908	7,908
Total Demand		365,040	374,166	379,779	383,577	385,494	385,494
Growth Rate		7.2 %	2.5 %	1.5 %	1.0 %	0.5 %	0.0 %
Totals							
Base Demand	1,687,150	1,729,629	1,767,989	1,802,454	1,839,846	1,868,947	1,868,947
Unaccommodated Demand		61,339	62,619	63,912	65,376	66,550	66,550
Total Demand		1,790,968	1,830,608	1,866,366	1,905,221	1,935,497	1,935,497
less: Residual Demand		50,320	44,590	18,680	0	0	0
Total Accommodated Demand		1,740,648	1,786,019	1,847,685	1,905,221	1,935,497	1,935,497
Overall Demand Growth		3.2 %	2.6 %	3.5 %	3.1 %	1.6 %	0.0 %
Market Mix							
Meeting and Group	46.9 %	45.6 %	45.3 %	45.6 %	46.0 %	46.4 %	46.4 %
Commercial	33.0	34.0	34.2	34.1	33.9	33.7	33.7
Leisure	20.2	20.4	20.4	20.3	20.1	19.9	19.9
Existing Hotel Supply	5,998	6,245	6,242	6,205	6,205	6,205	6,205
Proposed Hotels							
AC by Marriott	¹	1	223	223	223	223	223
Le Méridien	²	1	272	272	272	272	272
Marriott Gaylord Hotel and Entertainment Center	³		1	450	450	450	450
Available Room Nights per Year	2,189,176	2,280,079	2,459,368	2,609,768	2,609,768	2,609,768	2,609,768
Nights per Year	365	365	365	365	365	365	365
Total Supply	5,998	6,247	6,738	7,150	7,150	7,150	7,150
Rooms Supply Growth	—	4.2 %	7.9 %	6.1 %	0.0 %	0.0 %	0.0 %
Marketwide Occupancy	77.1 %	76.3 %	72.6 %	70.8 %	73.0 %	74.2 %	74.2 %

¹ Opening in October 2017 of the 100% competitive, 223-room AC by Marriott

² Opening in October 2017 of the 100% competitive, 272-room Le Méridien

³ Opening in October 2018 of the 30% competitive, 1501-room Marriott Gaylord Hotel and Entertainment Center

Despite anticipated increases in demand, the defined competitive market of hotels should experience a modest decline in occupancy over the next few years because of new supply entering the greater Denver market, including Downtown Denver. Based on historical occupancy levels in this market, and taking into consideration typical supply and demand cyclicity, market occupancy is forecast to stabilize in the low 70s.



6. Projection of Occupancy and Average Rate

**Historical
Operating
Performance**

Along with average rate results, the occupancy levels achieved by a hotel are the foundation of the property's financial performance. Most of a lodging facility's other revenue sources (such as food, beverages, other operated departments, and miscellaneous income) are driven by the number of guests, and many expense levels vary with occupancy. To a certain degree, occupancy attainment can be manipulated by management. For example, hotel operators may choose to lower rates in an effort to maximize occupancy. Our forecasts reflect an operating strategy that we believe would be implemented by a typical, professional hotel management team to achieve an optimal mix of occupancy and average rate.

The following table sets forth the subject property's historical occupancy, average rate, and RevPAR results. For the purpose of comparison, we have presented corresponding data (as provided by STR) for the competitive hotels described in the previous section. In addition to the annual percent change calculations, we have determined the subject property's occupancy, average rate, and RevPAR penetration rates.

FIGURE 6-1 HISTORICAL TRENDS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Year-to-Date Through July	
											2015	2016
Hyatt Regency Denver Colorado Convention Center												
Occupancy	67.0 %	74.0 %	76.0 %	70.0 %	72.0 %	74.0 %	74.4 %	72.8 %	75.1 %	75.2 %	76.0 %	74.5 %
Change	—	10.4 %	2.7 %	(7.9) %	2.9 %	2.7 %	0.6 %	(2.1) %	3.1 %	0.2 %	—	(2.0) %
Occupancy Penetration	101.0 %	111.5 %	111.9 %	112.6 %	105.0 %	104.5 %	102.7 %	101.5 %	98.4 %	97.6 %	97.7 %	97.4 %
Average Rate	\$152.00	\$161.00	\$164.00	\$151.00	\$162.00	\$169.92	\$168.80	\$164.41	\$183.16	\$187.83	\$184.66	\$193.51
Change	—	5.9 %	1.9 %	(7.9) %	7.3 %	4.9 %	(0.7) %	(2.6) %	11.4 %	2.6 %	—	4.8 %
Average Rate Penetration	107.3 %	104.5 %	101.8 %	104.0 %	106.2 %	107.2 %	104.9 %	98.9 %	102.5 %	101.4 %	101.0 %	103.9 %
RevPAR	\$101.84	\$119.14	\$124.64	\$105.70	\$116.64	\$125.68	\$125.57	\$119.76	\$137.49	\$141.24	\$140.40	\$144.15
Change	—	17.0 %	4.6 %	(15.2) %	10.4 %	7.8 %	(0.1) %	(4.6) %	14.8 %	2.7 %	—	2.7 %
RevPAR Penetration	108.4 %	116.5 %	113.9 %	117.2 %	111.4 %	112.0 %	107.7 %	100.3 %	100.9 %	99.0 %	98.7 %	101.2 %
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Year-to-Date Through July	
											2015	2016
Competitive Set												
Occupancy	66.4 %	66.4 %	67.9 %	62.1 %	68.6 %	70.8 %	72.5 %	71.8 %	76.3 %	77.0 %	77.8 %	76.5 %
Change	5.9 %	0.0 %	2.3 %	(8.5) %	10.4 %	3.3 %	2.3 %	(0.9) %	6.3 %	1.0 %	—	(1.7) %
Average Rate	\$141.60	\$154.00	\$161.06	\$145.15	\$152.60	\$158.47	\$160.87	\$166.32	\$178.69	\$185.18	\$182.89	\$186.24
Change	8.8 %	8.8 %	4.6 %	(9.9) %	5.1 %	3.8 %	1.5 %	3.4 %	7.4 %	3.6 %	—	1.8 %
RevPAR	\$93.97	\$102.24	\$109.38	\$90.20	\$104.66	\$112.22	\$116.55	\$119.39	\$136.30	\$142.68	\$142.26	\$142.44
Change	15.2 %	8.8 %	7.0 %	(17.5) %	16.0 %	7.2 %	3.9 %	2.4 %	14.2 %	4.7 %	—	0.1 %
Source: STR												



The Hyatt Regency Denver Colorado Convention Center experienced a 0.1-point occupancy change in 2015, increasing from 75.1% in 2014 to 75.2% in 2015. As a result of this change, occupancy penetration relative to the STR set of reporting hotels equaled 97.6% in 2015. Average rate penetration for the Hyatt Regency Denver Colorado Convention Center equated to 101.4% in 2015, contributing to the overall RevPAR penetration level of 99.0% in the same year.

The subject hotel's occupancy remained relatively stable from 2011 through 2012, as demand generated by the Colorado Convention Center provided a stable occupancy base. In 2013, the hotel's occupancy declined slightly as the hotel underwent a comprehensive guestroom renovation, which limited the number of rentable rooms, resulting in decreased bookings by larger groups. However, in 2014, occupancy rose given the newly renovated guestroom product and ability to capture larger amounts of meeting and group demand. Despite the recent renovations, the hotel's occupancy penetration level has remained relatively flat, largely attributed to the influx of new supply within the market over the last five years. Recent data illustrate a slight decline in occupancy, similar to the overall market trend. Average rate at the subject property has fluctuated during the last few years. In 2013, average rate declined as hotel management discounted average rates in an effort to capture demand during the hotel's comprehensive guestroom renovation. Thereafter, average rate increased in both 2014 and 2015. The renovation of the guestrooms and meeting space allowed hotel management to focus on RevPAR gains through increasing average rates associated with higher-rated commercial and meeting/group demand. Recent data illustrate a continuation of this trend.

Penetration Rate Analysis

The subject property's forecasted market share and occupancy levels are based upon its anticipated competitive position within the market, as quantified by its penetration rate. The penetration rate is the ratio of a property's market share to its fair share.

Historical Penetration Rates by Market Segment

In the following table, the penetration rates attained by the primary competitors and the aggregate secondary competitors are set forth for each segment for the base year, 2015.

FIGURE 6-2 HISTORICAL PENETRATION RATES

Property	Meeting and Group	Commercial	Leisure	Overall
Hyatt Regency Denver Colorado Convention Center	135 %	59 %	73 %	98 %
Crowne Plaza Denver	78	96	113	91
Curtis DoubleTree Hotel	78	94	180	104
Embassy Suites Denver Downtown Convention Center	77	140	102	103
Grand Hyatt Denver	98	109	102	103
Marriott Denver City Center	111	86	70	95
Sheraton Denver	120	93	76	103
Westin Denver Downtown	96	106	99	100
Secondary Competition	57	141	145	103

Because of its varying levels of penetration among the three market demand segments, the Hyatt Regency Denver Colorado Convention Center achieved an overall penetration rate of 98% in 2015. Overall, the subject property's occupancy penetration level was ranked seventh among the illustrated averages. The subject property achieved its highest segment penetration rate in the meeting and group segment, at 135%, due to the hotel's popularity with weekend leisure travelers in the area.

Among all properties listed, the Hyatt Regency Denver Colorado Convention Center achieved the highest penetration rate within the meeting and group segment. The highest penetration rate in the commercial segment was achieved by the secondary competition, while the Curtis DoubleTree Hotel led the market with the highest leisure penetration rate.

Forecast of Subject Property's Occupancy

Because the supply and demand balance for the competitive market is dynamic, there is a circular relationship between the penetration factors of each hotel in the market. The performance of individual new hotels has a direct effect upon the aggregate performance of the market, and consequently upon the calculated penetration factor for each hotel in each market segment. The same is true when the performance of existing hotels changes, either positively (following a refurbishment, for example) or negatively (when a poorly maintained or marketed hotel loses market share).

A hotel's penetration factor is calculated as its achieved market share of demand divided by its fair share of demand. Thus, if one hotel's penetration performance increases, thereby increasing its achieved market share, this leaves less demand available in the market for the other hotels to capture and the penetration



performance of one or more of those other hotels consequently declines (other things remaining equal). This type of market share adjustment takes place every time there is a change in supply, or a change in the relative penetration performance of one or more hotels in the competitive market.

Our projections of penetration, demand capture, and occupancy performance for the subject property account for these types of adjustments to market share within the defined competitive market. Consequently, the actual penetration factors applicable to the subject property and its competitors for each market segment in each projection year may vary somewhat from the penetration factors delineated in the previous table.

The subject hotel is anticipated to maintain its current market mix, focusing on meeting and group demand generated by both in-house groups and the convention center. Recently completed renovations are expected to help the competitive level of the subject property and to assist the hotel in achieving the occupancy forecast presented in this chapter. Although new supply is anticipated to affect market-wide occupancy, we expect that recently completed renovations at the subject property will enable the hotel to maintain its occupancy penetration after the new supply enters the market. Furthermore, given the significant growth in the commercial sector throughout Downtown Denver, the new supply should be quickly absorbed.

The subject property's occupancy forecast is set forth as follows, with the adjusted projected penetration rates used as a basis for calculating the amount of captured market demand.

FIGURE 6-3 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY

Market Segment	2015	2016	2017	2018	2019	2020	2021
Meeting and Group							
Demand	790,632	788,986	804,651	839,986	876,100	898,002	898,002
Market Share	24.8 %	24.1 %	24.3 %	22.4 %	21.9 %	21.7 %	21.6 %
Capture	196,249	190,179	195,360	188,417	191,511	194,768	194,293
Penetration	135 %	137 %	149 %	146 %	142 %	141 %	141 %
Commercial							
Demand	555,991	592,765	612,667	630,198	645,545	652,000	652,000
Market Share	10.9 %	10.2 %	9.8 %	9.4 %	9.3 %	9.3 %	9.3 %
Capture	60,384	60,474	60,119	59,358	60,196	60,525	60,409
Penetration	59 %	58 %	60 %	61 %	61 %	60 %	60 %
Leisure							
Demand	340,526	358,897	368,701	377,502	383,577	385,494	385,494
Market Share	13.3 %	12.5 %	12.0 %	11.5 %	11.4 %	11.3 %	11.3 %
Capture	45,288	44,770	44,315	43,533	43,637	43,575	43,437
Penetration	73 %	71 %	74 %	75 %	74 %	73 %	73 %
Total Room Nights Captured	301,922	295,423	299,794	291,307	295,344	298,868	298,139
Available Room Nights	401,500	401,500	401,500	401,500	401,500	401,500	401,500
Subject Occupancy	75 %	74 %	75 %	73 %	74 %	74 %	74 %
Marketwide Available Room Nights	2,189,176	2,280,079	2,459,368	2,609,768	2,609,768	2,609,768	2,609,768
Fair Share	18 %	18 %	16 %	15 %	15 %	15 %	15 %
Marketwide Occupied Room Nights	1,687,150	1,740,648	1,786,019	1,847,685	1,905,221	1,935,497	1,935,497
Market Share	18 %	17 %	17 %	16 %	16 %	15 %	15 %
Marketwide Occupancy	77 %	76 %	73 %	71 %	73 %	74 %	74 %
Total Penetration	98 %	96 %	103 %	102 %	101 %	100 %	100 %

The subject hotel's occupancy penetration in the first projection year is forecast to remain relatively stable as hotel management continues to focus on RevPAR gains through higher average rates. Thereafter, its occupancy penetration is forecast to increase and stabilize at 100%. We note that the stabilized occupancy level is slightly below historical levels, largely attributed to the recent openings of the Hyatt Place and Hyatt House, as well as the anticipated openings of the AC Hotel by Marriott, Le Méridien, and Marriott Gaylord. The subject hotel should continue to benefit as the headquarters hotel for the Colorado Convention Center and attract significant meeting and group business.

These positioned segment penetration rates result in the following market segmentation forecast.



FIGURE 6-4 MARKET SEGMENTATION FORECAST – SUBJECT PROPERTY

	2015	2016	2017	2018	2019	2020	2021
Meeting and Group	65 %	64 %	65 %	65 %	65 %	65 %	65 %
Commercial	20	20	20	20	20	20	20
Leisure	15	15	15	15	15	15	15
Total	100 %	100 %	100 %	100 %	100 %	100 %	100 %

Based on our analysis of the subject property and market area, we have selected a stabilized occupancy level of 74% in 2020. The stabilized occupancy is intended to reflect the anticipated results of the property over its remaining economic life, given all changes in the life cycle of the hotel. Thus, the stabilized occupancy excludes from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusually high or low occupancies. Although the subject property may operate at occupancies above this stabilized level, we believe it equally possible for new competition and temporary economic downturns to force the occupancy below this selected point of stability.

Average Rate Analysis

One of the most important considerations in estimating the operating potential of a lodging facility is a supportable forecast of its attainable average rate, which is more formally defined as the average rate per occupied room. Average rate can be calculated by dividing the total rooms revenue achieved during a specified period by the number of rooms sold during the same period. The projected average rate and the anticipated occupancy percentage are used to forecast rooms revenue, which in turn provides the basis for estimating most other income and expense categories.

Competitive Position

Although the average rate analysis presented here follows the occupancy projection, these two statistics are highly correlated; in reality, one cannot project occupancy without making specific assumptions regarding average rate. This relationship is best illustrated by revenue per available room (RevPAR), which reflects a property's ability to maximize rooms revenue. The following table summarizes the historical average rate and the RevPAR of the subject property and its competitors.

FIGURE 6-5 BASE-YEAR AVERAGE RATE AND REVPAR OF THE SUBJECT AND ITS COMPETITORS

Property	Estimated 2015 Average Room Rate	Average Rate Penetration	Rooms Revenue Per Available Room (RevPAR)	RevPAR Penetration
Hyatt Regency Denver Colorado Convention Center	\$187.83	102.7 %	\$141.24	100.2 %
Crowne Plaza Denver	150 - 160	80 - 85	105 - 110	70 - 75
Curtis DoubleTree Hotel	160 - 170	85 - 90	130 - 140	90 - 95
Embassy Suites Denver Downtown Convention Center	180 - 190	100 - 110	140 - 150	100 - 110
Grand Hyatt Denver	180 - 190	100 - 110	140 - 150	100 - 110
Marriott Denver City Center	180 - 190	95 - 100	130 - 140	90 - 95
Sheraton Denver	150 - 160	80 - 85	120 - 125	80 - 85
Westin Denver Downtown	190 - 200	100 - 110	140 - 150	100 - 110
Average - Subject & Primary Competitors	\$173.74	95.0 %	\$133.20	94.5 %
Average - Secondary Competitors	226.89	124.1	179.40	127.3
Overall Average	\$182.88		\$140.94	

The defined primarily competitive market realized an overall average rate of \$173.74 in the 2015 base year, improving from the 2014 level of \$168.77. The rate of change for this Denver area primary set was 2.9% between 2014 and 2015. The subject property's base-year rate position was \$187.83. **The Four Seasons (a secondary competitor)** achieved the highest estimated average rate in the local competitive market, by a modest margin, because of its luxury, high-quality facilities and amenities. Of the primary competitive set, the Westin achieved the highest estimated average rate because of its recently completed renovations and focus on higher-rated commercial demand. The subject Hyatt Regency's historical rate reflects the hotel's positioning as an upper-upscale, full-service property. This rate level is considered appropriate for this market given the hotel's focus on meeting and group demand, which is typically more price-sensitive. **Market-wide rates began to trend upward** in 2010. We expect this upward trend to continue in the near term given the strengthening market dynamics in this Downtown Denver



market, including a rise in higher-rated corporate accounts at the hotels in the primary competitive set. Furthermore, recent renovations at hotels within the market, as well as the opening of upscale, select- and full-service properties, should further support improvements in average rate.

Based on these considerations, the following table illustrates the projected average rate and the growth rates assumed. As a context for the average rate growth factors, note that we have applied an underlying inflation rate of 2.0% in 2016, 2.5% in 2017, and 3.0% in 2018 and thereafter.

FIGURE 6-6 MARKET AND SUBJECT PROPERTY AVERAGE RATE FORECAST

Year	Areawide (Calendar Year)			Subject Property (Calendar Year)			
	Occupancy	Average Rate Growth	Average Rate	Occupancy	Average Rate Growth	Average Rate	Average Rate Penetration
Base Year	77.1 %	—	\$182.88	75.0 %	—	\$187.83	102.7 %
2016	76.3	2.0 %	186.54	74.0	3.5 %	194.40	104.2
2017	72.6	2.5	191.20	75.0	2.5	199.26	104.2
2018	70.8	3.0	196.94	73.0	1.0	201.26	102.2
2019	73.0	3.0	202.84	74.0	1.0	203.27	100.2
2020	74.2	3.0	208.93	74.0	3.0	209.37	100.2
2021	74.2	3.0	215.20	74.0	3.0	215.65	100.2

As illustrated above, a 3.5% rate of change is expected for the subject property's room rate in 2016. As illustrated at the beginning of this chapter, the subject property's rate changed by 4.8% in the most recent historical period. This is followed by rates of 2.5% and 1.0% in 2017 and 2018, respectively. **The subject hotel's room rate** is anticipated to follow a trend similar to that of the market, increasing in the first two projection years, albeit at a faster pace in the first projection year. Thereafter, the subject hotel's room rate is forecast to grow at a slower pace than the market due to the opening of the Marriott Gaylord, which will compete for similar meeting and group demand, thus requiring hotel management at the subject property to aggressively price meeting and group business in order to attain the forecasted occupancy levels. The average-rate penetration level is expected to increase slightly by the stabilized year given the recently completed renovations. Anticipated future economic strength in this market should support longer-term rate improvements for the subject property.

The following table provides a comparison of the historical performance and forecasts for the subject property and competitive set.

FIGURE 6-7 COMPARISON OF HISTORICAL AND PROJECTED OCCUPANCY, AVERAGE RATE, AND REVPAR – SUBJECT PROPERTY AND MARKET

	Historical					Projected					
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Hyatt Regency Denver Colorado Convention Center											
Occupancy	74.0 %	74.4 %	72.8 %	75.1 %	75.2 %	73.6 %	74.7 %	72.6 %	73.6 %	74.4 %	74.3 %
Change in Points	—	0.4	(1.5)	2.2	0.1	(1.6)	1.1	(2.1)	1.0	0.9	(0.2)
Occupancy Penetration	105.2	102.2	101.5 %	98.8 %	97.6 %	96.4 %	102.8 %	102.5 %	100.8 %	100.4 %	100.1 %
Average Rate	\$169.92	\$168.80	\$164.41	\$183.16	\$187.83	\$194.40	\$199.26	\$201.26	\$203.27	\$209.37	\$215.65
Change	—	(0.7) %	(2.6) %	11.4 %	2.6 %	3.5 %	2.5 %	1.0 %	1.0 %	3.0 %	3.0 %
Average Rate Penetration	107.5	105.8	100.0 %	103.8 %	102.7 %	104.2 %	104.2 %	102.2 %	100.2 %	100.2 %	100.2 %
RevPAR	\$125.68	\$125.57	\$119.76	\$137.49	\$141.24	\$143.04	\$148.79	\$146.02	\$149.53	\$155.85	\$160.13
Change	—	(0.1) %	(4.6) %	14.8 %	2.7 %	1.3 %	4.0 %	(1.9) %	2.4 %	4.2 %	2.7 %
RevPAR Penetration	113.2	108.2	101.6 %	102.5 %	100.2 %	100.4 %	107.2 %	104.7 %	101.0 %	100.6 %	100.3 %
	Historical (Estimated)					Projected					
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Denver Submarket											
Occupancy	70.3 %	72.8 %	71.7 %	76.0 %	77.1 %	76.3 %	72.6 %	70.8 %	73.0 %	74.2 %	74.2 %
Change in Points	—	2.5	(1.0)	4.3	1.1	(0.7)	(3.7)	(1.8)	2.2	1.2	0.0
Average Rate	\$158.00	\$159.49	\$164.37	\$176.52	\$182.88	\$186.54	\$191.20	\$196.94	\$202.84	\$208.93	\$215.20
Change	—	0.9 %	3.1 %	7.4 %	3.6 %	2.0 %	2.5 %	3.0 %	3.0 %	3.0 %	3.0 %
RevPAR	\$111.07	\$116.04	\$117.91	\$134.16	\$140.94	\$142.40	\$138.85	\$139.43	\$148.08	\$154.95	\$159.60
Change	—	4.5 %	1.6 %	13.8 %	5.1 %	1.0 %	(2.5) %	0.4 %	6.2 %	4.6 %	3.0 %



The following occupancies and average rates will be used to project the subject property's rooms revenue; this forecast begins on January 1, 2016, and corresponds with our financial projections.

FIGURE 6-8 FORECASTS OF OCCUPANCY, AVERAGE RATE, AND REVPAR

Year	Occupancy	Average Rate	RevPAR
2016	74 %	\$194.40	\$143.86
2017	75	199.26	149.45
2018	73	201.26	146.92
2019	74	203.27	150.42
2020	74	209.37	154.93
2021	74	215.65	159.58



7. Forecast of Income and Expense

In this chapter of our report, we have compiled a forecast of income and expense for the subject property. This forecast is based on all assumptions set forth previously, as well as the occupancy and average rate forecast presented.

The forecast of income and expense is expressed in current dollars for each year. The stabilized year is intended to reflect the anticipated operating results of the property over its remaining economic life, given any or all applicable stages of build-up, plateau, and decline in the life cycle of the hotel. Thus, income and expense estimates from the stabilized year forward exclude from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusual revenues or expenses. The ten-year period reflects the typical holding period of large real estate assets such as hotels. In addition, the ten-year period provides for the stabilization of income streams and comparison of yields with alternate types of real estate. The forecasted income streams reflect the future benefits of owning specific rights in income-producing real estate.

Review of Operating History

Because the subject property is an existing hotel with an established operating performance, its historical income and expense experience can serve as a basis for projections. The following income and expense statements were provided by current ownership. Where applicable, we have reorganized the statements in accordance with the Uniform System of Accounts for the Lodging Industry (USALI). The 11th edition of the USALI, which was issued in 2014, became effective on January 1, 2015; however, the hospitality industry is still in the process of converting to the new reporting standards. Given that the subject hotel's historical financial statements for calendar 2015, as well as the year-to-date 2015 and 2016 statements, are consistent with the 11th edition of the USALI, we have placed the greatest emphasis on these data (per the 11th edition of the USALI) in our forecasts of revenues and expenses for the subject hotel.

FIGURE 7-1 HISTORICAL OPERATING PERFORMANCE

	2015/16 Fiscal Year Ending July				2015 Calendar Year				2014 Calendar Year				2013 Calendar Year			
Number of Rooms:	1,100				1,100				1,100				1,100			
Paid Occupied Rooms:	298,332				301,922				301,386				292,452			
Days Open:	365				365				365				365			
Paid Occupancy:	74.3%				75.1%				75.1%				72.8%			
Average Rate:	\$193.02	Percentage	Available	Amount	\$187.83	Percentage	Available	Amount	\$183.16	Percentage	Available	Amount	\$164.41	Percentage	Available	Amount
RevPAR:	\$143.43	of Revenue	Room	Occupied Room	\$141.24	of Revenue	Room	Occupied Room	\$137.49	of Revenue	Room	Occupied Room	\$119.76	of Revenue	Room	Occupied Room
OPERATING REVENUE																
Rooms	\$57,585	60.9 %	\$52,350	\$193.02	\$56,710	60.9 %	\$51,554	\$187.83	\$55,200	60.5 %	\$50,182	\$183.16	\$48,083	60.0 %	\$43,712	\$164.41
Food	25,390	26.9	23,081	85.10	24,752	26.6	22,502	81.98	25,923	28.4	23,566	86.01	22,770	28.4	20,700	77.86
Beverage	5,250	5.6	4,773	17.60	5,424	5.8	4,931	17.96	5,324	5.8	4,840	17.67	4,881	6.1	4,437	16.69
Other Operated Departments	528	0.6	480	1.77	458	0.5	417	1.52	482	0.5	438	1.60	482	0.6	438	1.65
Parking	3,392	3.6	3,084	11.37	3,380	3.6	3,073	11.20	2,995	3.3	2,723	9.94	2,918	3.6	2,652	9.98
Miscellaneous Income	2,338	2.5	2,125	7.84	2,337	2.5	2,124	7.74	1,341	1.5	1,219	4.45	990	1.2	900	3.39
Total Operating Revenue	94,483	100.0	85,894	316.70	93,061	100.0	84,601	308.23	91,265	100.0	82,968	302.82	80,124	100.0	72,840	273.97
DEPARTMENTAL EXPENSES*																
Rooms	14,647	25.4	13,316	49.10	14,693	25.9	13,358	48.67	14,897	27.0	13,542	49.43	13,967	29.0	12,697	47.76
Food & Beverage	18,354	59.9	16,685	61.52	18,130	60.1	16,481	60.05	18,669	59.7	16,972	61.94	17,103	61.9	15,549	58.48
Other Operated Departments	407	77.0	370	1.36	391	85.4	356	1.30	1,049	217.7	954	3.48	1,019	211.2	926	3.48
Parking	1,304	38.4	1,185	4.37	1,311	38.8	1,192	4.34	1,150	38.4	1,046	3.82	1,192	40.8	1,083	4.08
Total	34,712	36.7	31,556	116.35	34,525	37.1	31,387	114.35	35,765	39.2	32,514	118.67	33,281	41.5	30,255	113.80
DEPARTMENTAL INCOME																
	59,771	63.3	54,338	200.35	58,536	62.9	53,214	193.88	55,500	60.8	50,454	184.15	46,843	58.5	42,585	160.17
UNDISTRIBUTED OPERATING EXPENSES																
Administrative & General	6,022	6.4	5,474	20.18	5,839	6.3	5,308	19.34	6,464	7.1	5,877	21.45	6,128	7.6	5,571	20.95
Info. and Telecom. Systems	1,676	1.8	1,524	5.62	1,645	1.8	1,495	5.45	0	0.0	0	0.00	0	0.0	0	0.00
Marketing	4,884	5.2	4,440	16.37	4,898	5.3	4,453	16.22	4,775	5.2	4,341	15.84	4,179	5.2	3,800	14.29
Prop. Operations & Maint.	3,271	3.5	2,974	10.96	3,162	3.4	2,875	10.47	3,407	3.7	3,097	11.30	3,183	4.0	2,894	10.88
Utilities	1,552	1.6	1,411	5.20	1,681	1.8	1,528	5.57	1,897	2.1	1,725	6.29	1,771	2.2	1,610	6.05
Total	17,405	18.4	15,823	58.34	17,225	18.5	15,659	57.05	16,543	18.1	15,039	54.89	15,261	19.0	13,873	52.18
GROSS HOUSE PROFIT																
	42,367	44.9	38,515	142.01	41,311	44.4	37,555	136.83	38,957	42.7	35,415	129.26	31,583	39.5	28,712	107.99
Management Fee	4,811	5.1	4,374	16.13	4,728	5.1	4,298	15.66	4,598	5.0	4,180	15.25	4,473	5.6	4,066	15.29
INCOME BEFORE NON-OPER. INC. & EXP.																
	37,556	39.7	34,141	125.89	36,583	39.3	33,257	121.17	34,359	37.6	31,235	114.00	27,110	33.8	24,646	92.70
NON-OPERATING INCOME AND EXPENSE																
Property Taxes	5,117	5.4	4,652	17.15	5,318	5.7	4,835	17.61	4,430	4.9	4,027	14.70	4,719	5.9	4,290	16.14
Insurance	449	0.5	408	1.51	427	0.5	388	1.41	487	0.5	443	1.62	515	0.6	468	1.76
Equipment Rental	148	0.2	135	0.50	151	0.2	137	0.50	155	0.2	141	0.52	153	0.2	139	0.52
Total	5,714	6.1	5,195	19.15	5,896	6.4	5,360	19.53	5,072	5.6	4,611	16.83	5,388	6.7	4,898	18.42
EBITDA LESS RESERVE																
	\$31,842	33.6 %	\$28,946	\$106.74	\$30,687	32.9 %	\$27,897	\$101.64	\$29,287	32.0 %	\$26,624	\$97.17	\$21,723	27.1 %	\$19,748	\$74.28

NOI adjusted to reflect a

3.0% mgmt fee and a 4.0% reserve

*Departmental expenses are expressed as a percentage of departmental revenues.

FIGURE 7-2 HISTORICAL OPERATING PERFORMANCE (CONTINUED)

	2012 Calendar Year				2011 Calendar Year			
Number of Rooms:	1,100				1,100			
Paid Occupied Rooms:	298,667				296,982			
Days Open:	365				365			
Paid Occupancy:	74.4%				74.0%			
Average Rate:	\$168.80	Percentage	Available	Amount	\$169.92	Percentage	Available	Amount
RevPAR:	\$125.57	of Revenue	Room	Occupied Room	\$125.68	of Revenue	Room	Occupied Room
OPERATING REVENUE								
Rooms	\$50,416	60.5 %	\$45,833	\$168.80	\$50,462	61.2 %	\$45,875	\$169.92
Food	23,608	28.3	21,461	79.04	22,663	27.5	20,603	76.31
Beverage	4,316	5.2	3,923	14.45	4,484	5.4	4,077	15.10
Other Operated Departments	647	0.8	588	2.17	985	1.2	895	3.32
Parking	2,884	3.5	2,622	9.66	2,585	3.1	2,350	8.70
Miscellaneous Income	1,409	1.7	1,280	4.72	1,293	1.6	1,175	4.35
Total Operating Revenue	83,279	100.0	75,708	278.84	82,472	100.0	74,975	277.70
DEPARTMENTAL EXPENSES*								
Rooms	13,414	26.6	12,194	44.91	13,243	26.2	12,039	44.59
Food & Beverage	16,737	59.9	15,216	56.04	16,603	61.2	15,094	55.91
Other Operated Departments	1,033	159.5	939	3.46	1,013	102.9	921	3.41
Parking	1,179	40.9	1,072	3.95	1,102	42.6	1,001	3.71
Total	32,362	38.9	29,420	108.36	31,961	38.8	29,055	107.62
DEPARTMENTAL INCOME	50,917	61.1	46,288	170.48	50,511	61.2	45,919	170.08
UNDISTRIBUTED OPERATING EXPENSES								
Administrative & General	6,374	7.7	5,794	21.34	5,905	7.2	5,368	19.88
Info. and Telecom. Systems	0	0.0	0	0.00	0	0.0	0	0.00
Marketing	4,423	5.3	4,021	14.81	3,957	4.8	3,597	13.32
Prop. Operations & Maint.	3,146	3.8	2,860	10.53	3,244	3.9	2,949	10.92
Utilities	1,715	2.1	1,559	5.74	1,850	2.2	1,681	6.23
Total	15,658	18.8	14,234	52.43	14,955	18.1	13,595	50.36
GROSS HOUSE PROFIT	35,259	42.3	32,054	118.06	35,557	43.1	32,324	119.73
Management Fee	4,390	5.3	3,991	14.70	4,229	5.1	3,845	14.24
INCOME BEFORE NON-OPER. INC. & EXP.	30,870	37.1	28,063	103.36	31,327	38.0	28,479	105.48
NON-OPERATING INCOME AND EXPENSE								
Property Taxes	4,356	5.2	3,960	14.59	3,406	4.1	3,096	11.47
Insurance	552	0.7	502	1.85	397	0.5	361	1.34
Equipment Rental	162	0.2	147	0.54	163	0.2	148	0.55
Total	5,070	6.1	4,609	16.98	3,966	4.8	3,605	13.35
EBITDA LESS RESERVE	\$25,799	31.0 %	\$23,454	\$86.38	\$27,361	33.2 %	\$24,874	\$92.13
NOI adjusted to reflect a								
3.0% mgmt fee and a 4.0% reserve	\$24,359	29.3 %			\$25,818	31.3 %		
*Departmental expenses are expressed as a percentage of departmental revenues.								

FIGURE 7-3 HISTORICAL OPERATING PERFORMANCE (CONTINUED)

	2016 Year-to-Date Ending July				2015 Year-to-Date Ending July			
Number of Rooms:	1,100				1,100			
Paid Occupied Rooms:	173,718				177,308			
Days Open:	212				212			
Paid Occupancy:	74.5%				76.0%			
Average Rate:	\$193.51	Percentage	Available	Amount	\$184.66	Percentage	Available	Amount
RevPAR:	\$144.15	of Revenue	Room	Occupied Room	\$140.40	of Revenue	Room	Occupied Room
OPERATING REVENUE								
Rooms	\$33,616	61.1 %	\$30,560	\$193.51	\$32,741	61.0 %	\$29,765	\$184.66
Food	15,288	27.8	13,898	88.00	14,650	27.3	13,318	82.63
Beverage	3,030	5.5	2,755	17.44	3,204	6.0	2,913	18.07
Other Operated Departments	319	0.6	290	1.83	249	0.5	226	1.40
Parking	1,975	3.6	1,796	11.37	1,963	3.7	1,785	11.07
Miscellaneous Income	830	1.5	754	4.78	829	1.5	753	4.67
Total Operating Revenue	55,059	100.0	50,053	316.94	53,637	100.0	48,761	302.51
DEPARTMENTAL EXPENSES*								
Rooms	8,519	25.3	7,745	49.04	8,566	26.2	7,787	48.31
Food & Beverage	10,692	58.4	9,720	61.55	10,468	58.6	9,517	59.04
Other Operated Departments	241	75.5	219	1.38	225	90.6	205	1.27
Parking	739	37.4	672	4.25	746	38.0	678	4.21
Total	20,191	36.7	18,356	116.23	20,005	37.3	18,187	112.83
DEPARTMENTAL INCOME	34,867	63.3	31,698	200.71	33,631	62.7	30,574	189.68
UNDISTRIBUTED OPERATING EXPENSES								
Administrative & General	3,546	6.4	3,224	20.41	3,364	6.3	3,058	18.97
Info. and Telecom. Systems	982	1.8	893	5.65	950	1.8	864	5.36
Marketing	2,710	4.9	2,463	15.60	2,724	5.1	2,477	15.36
Prop. Operations & Maint.	1,931	3.5	1,756	11.12	1,822	3.4	1,657	10.28
Utilities	872	1.6	792	5.02	1,000	1.9	909	5.64
Total	10,041	18.2	9,128	57.80	9,861	18.4	8,965	55.62
GROSS HOUSE PROFIT	24,826	45.1	22,570	142.91	23,770	44.3	21,609	134.06
Management Fee	2,844	5.2	2,585	16.37	2,761	5.1	2,510	15.57
INCOME BEFORE NON-OPER. INC. & EXP.	21,982	39.9	19,984	126.54	21,010	39.2	19,100	118.49
NON-OPERATING INCOME AND EXPENSE								
Property Taxes	2,436	4.4	2,215	14.03	2,638	4.9	2,398	14.88
Insurance	286	0.5	260	1.65	264	0.5	240	1.49
Equipment Rental	87	0.2	79	0.50	90	0.2	82	0.51
Total	2,810	5.1	2,554	16.18	2,992	5.6	2,720	16.87
EBITDA LESS RESERVE	\$19,173	34.8 %	\$17,430	\$110.36	\$18,018	33.6 %	\$16,380	\$101.62
NOI adjusted to reflect a								
3.0% mgmt fee and a 4.0% reserve	\$18,162	33.0 %			\$17,024	31.7 %		
*Departmental expenses are expressed as a percentage of departmental revenues.								



In our review of the trailing-twelve-month statement (ending July 2016), the subject hotel's operating performance illustrates an overall positive trend in profitability, owing to an increase in rooms revenue following the renovation of the guestrooms and meeting space. Over the last several years, the trend in revenue and profitability has shown growth. In the food and beverage department, revenue increases were influenced primarily by the recently completed renovations of the meeting space, allowing hotel management to increase room rentals and menu prices. Revenues associated with in-house employee laundry and dry-cleaning services and guest communications are included in the other operated departments line. Miscellaneous income sources include the hotel's commissions, cancelation fees, guest laundry and dry-cleaning services, interest income, and other miscellaneous charges. Expense levels have been well managed over the last few years, with revenue advancements growing at a faster pace than related expenses, thus allowing for a stronger EBITDA Less Replacement Reserve. No major changes in expense levels and ratios were noted.

Comparable Operating Statements

In order to gauge the subject property's profitability, we have reviewed the following individual income and expense statements from comparable hotels, derived from our database of hotel income and expense statements. The following historical statements reflect accounting consistent with the 10th edition of the USALI. As the industry transitions to the 11th edition, it is important to understand that revenues and expense levels may differ slightly given the variety of changes in the 11th edition. However, the "Income Before Non-Operating Income and Expenses" should still be consistent between the versions, providing a standard measure of comparison. All financial data are presented according to the three most common measures of industry performance: ratio to sales (RTS), amounts per available room (PAR), and amounts per occupied room night (POR). These historical income and expense statements will be used as benchmarks in our forthcoming forecast of income and expense. The subject property's 2015/16 operating history has been included to facilitate a comparison. The stabilized statement of income and expense, in 2015/16 dollars, is presented as well.

FIGURE 7-4 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES

	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
							Stabilized \$
Year:	2015/16	2014	2014	2014	2012	2012	2015/16
Number of Rooms:	1,100	620 to 770	900 to 1110	1070 to 1320	1380 to 1700	1450 to 1790	1100
Days Open:	365	365	365	365	366	366	365
Occupancy:	74.3%	76%	71%	71%	66%	74%	74%
Average Rate:	\$193.02	\$174	\$212	\$171	\$197	\$163	\$183
RevPAR:	\$143.43	\$132	\$151	\$122	\$131	\$120	\$136
REVENUE							
Rooms	60.9 %	66.5 %	40.1 %	57.4 %	63.2 %	59.7 %	60.9 %
Food & Beverage	32.4	29.2	45.2	39.0	31.7	31.2	33.7
Other Operated Departments	4.1	4.3	12.7	1.0	1.9	8.3	4.1
Rentals & Other Income	2.5	0.0	2.0	2.6	3.2	0.9	1.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*							
Rooms	25.4	25.4	22.3	24.3	29.7	19.5	26.3
Food & Beverage	59.9	65.2	55.8	59.7	70.9	59.9	59.6
Other Operated Departments	43.6	43.6	81.3	95.4	60.4	34.5	45.4
Total	36.7	37.8	44.4	38.2	42.4	33.2	37.9
DEPARTMENTAL INCOME							
	63.3	62.2	55.6	61.8	57.6	66.8	62.1
OPERATING EXPENSES							
Administrative & General	6.4	7.7	5.9	6.8	7.1	6.4	6.6
Info. and Telecom. Systems	1.8	0.0	0.0	0.0	0.0	0.0	1.8
Marketing	5.2	7.0	5.4	6.0	5.1	5.6	5.3
Franchise Fee	0.0	0.0	0.0	0.0	2.0	0.0	0.0
Property Operations & Maintenance	3.5	4.1	3.5	3.7	5.8	3.0	3.6
Utilities	1.6	2.6	2.3	3.5	2.6	2.5	1.7
Total	18.4	21.5	17.2	20.0	22.6	17.5	18.9
HOUSE PROFIT							
	44.9	40.7	38.4	41.8	35.0	49.3	43.1
Management Fee	5.1	3.0	3.2	3.5	2.5	3.0	3.0
INCOME BEFORE FIXED CHARGES							
	39.7	37.7	35.1	38.3	32.5	46.4	40.1

* Departmental expense ratios are expressed as a percentage of departmental revenues

FIGURE 7-5 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE ROOM

	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
	2015/16	2014	2014	2014	2012	2012	Stabilized \$
Year:	2015/16	2014	2014	2014	2012	2012	2015/16
Number of Rooms:	1,100	620 to 770	900 to 1110	1070 to 1320	1380 to 1700	1450 to 1790	1100
Days Open:	365	365	365	365	366	366	365
Occupancy:	74.3%	76%	71%	71%	66%	74%	74%
Average Rate:	\$193.02	\$174	\$212	\$171	\$197	\$163	\$183
RevPAR:	\$143.43	\$132	\$151	\$122	\$131	\$120	\$136
REVENUE							
Rooms	\$52,350	\$48,324	\$55,082	\$44,444	\$47,966	\$44,085	\$49,499
Food & Beverage	27,854	21,256	61,994	30,257	24,059	23,037	27,364
Other Operated Departments	3,564	3,117	17,374	754	1,450	6,094	3,350
Rentals & Other Income	2,125	0	2,784	2,035	2,461	647	1,084
Total	85,894	72,697	137,233	77,490	75,937	73,863	81,296
DEPARTMENTAL EXPENSES							
Rooms	13,316	12,281	12,283	10,790	14,235	8,594	13,014
Food & Beverage	16,685	13,866	34,576	18,077	17,067	13,796	16,312
Other Operated Departments	1,555	1,359	14,125	719	876	2,105	1,521
Total	31,556	27,506	60,983	29,586	32,178	24,496	30,847
DEPARTMENTAL INCOME	54,338	45,192	76,250	47,904	43,759	49,367	50,449
OPERATING EXPENSES							
Administrative & General	5,474	5,614	8,107	5,276	5,394	4,706	5,329
Info. and Telecom. Systems	1,524	0	0	0	0	0	1,484
Marketing	4,440	5,110	7,412	4,687	3,858	4,152	4,322
Franchise Fee	0	0	0	0	1,545	0	0
Property Operations & Maintenance	2,974	3,000	4,863	2,855	4,375	2,205	2,895
Utilities	1,411	1,870	3,215	2,677	1,988	1,869	1,373
Total	15,823	15,594	23,596	15,495	17,159	12,931	15,403
HOUSE PROFIT	38,515	29,598	52,654	32,409	26,600	36,436	35,046
Management Fee	4,374	2,181	4,422	2,712	1,898	2,184	2,439
INCOME BEFORE FIXED CHARGES	34,141	27,417	48,231	29,696	24,702	34,252	32,607

FIGURE 7-6 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED ROOM

	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
	2015/16	2014	2014	2014	2012	2012	Stabilized \$ 2015/16
Year:	2015/16	2014	2014	2014	2012	2012	2015/16
Number of Rooms:	1,100	620 to 770	900 to 1110	1070 to 1320	1380 to 1700	1450 to 1790	1100
Days Open:	365	365	365	365	366	366	365
Occupancy:	74.3%	76%	71%	71%	66%	74%	74%
Average Rate:	\$193.02	\$174	\$212	\$171	\$197	\$163	\$183
RevPAR:	\$143.43	\$132	\$151	\$122	\$131	\$120	\$136
REVENUE							
Rooms	\$193.02	\$174.25	\$211.84	\$170.80	\$197.31	\$162.75	\$183.26
Food & Beverage	102.70	76.65	238.42	116.28	98.97	85.04	101.31
Other Operated Departments	13.14	11.24	66.82	2.90	5.97	22.50	12.40
Rentals & Other Income	7.84	0.00	10.71	7.82	10.13	2.39	4.01
Total	316.70	262.13	527.78	297.79	312.36	272.68	300.99
DEPARTMENTAL EXPENSES							
Rooms	49.10	44.28	47.24	41.47	58.55	31.73	48.18
Food & Beverage	61.52	50.00	132.97	69.47	70.20	50.93	60.39
Other Operated Departments	5.73	4.90	54.32	2.76	3.60	7.77	5.63
Total	116.35	99.18	234.53	113.70	132.36	90.43	114.21
DEPARTMENTAL INCOME	200.35	162.95	293.25	184.10	180.00	182.25	186.78
OPERATING EXPENSES							
Administrative & General	20.18	20.24	31.18	20.28	22.19	17.37	19.73
Info. and Telecom. Systems	5.62	0.00	0.00	0.00	0.00	0.00	5.49
Marketing	16.37	18.43	28.51	18.01	15.87	15.33	16.00
Franchise Fee	0.00	0.00	0.00	0.00	6.35	0.00	0.00
Property Operations & Maintenance	10.96	10.82	18.70	10.97	18.00	8.14	10.72
Utilities	5.20	6.74	12.36	10.29	8.18	6.90	5.08
Total	58.34	56.23	90.75	59.55	70.58	47.74	57.03
HOUSE PROFIT	142.01	106.72	202.50	124.55	109.42	134.51	129.75
Management Fee	16.13	7.86	17.01	10.42	7.81	8.06	9.03
INCOME BEFORE FIXED CHARGES	125.89	98.86	185.49	114.12	101.61	126.45	120.72

The comparables' departmental income ranged from 55.6% to 66.8% of total revenue. The subject property's 2015/16 departmental income ratio of 63.3% is within this range. The comparable properties achieved a house profit ranging from 35.0% to 49.3% of total revenue. The subject property's 2015/16 house profit percentage of 44.9% of total revenue is within this range. The subject hotel is projected to stabilize at a house-profit ratio similar to what has been achieved historically. We will refer to the comparable operating data in our discussion of each line item, which follows later in this section of the report.



Fixed and Variable Component Analysis

HVS uses a fixed and variable component model to project a lodging facility's revenue and expense levels. This model is based on the premise that hotel revenues and expenses have one component that is fixed and another that varies directly with occupancy and facility usage. A projection can be made by taking a known level of revenue or expense and calculating its fixed and variable components. The fixed component is then increased in tandem with the underlying rate of inflation, while the variable component is adjusted for a specific measure of volume such as total revenue.

The actual forecast is derived by adjusting each year's revenue and expense by the amount fixed (the fixed expense multiplied by the inflated base-year amount) plus the variable amount (the variable expense multiplied by the inflated base-year amount) multiplied by the ratio of the projection year's occupancy to the base-year occupancy (in the case of departmental revenue and expense) or the ratio of the projection year's revenue to the base year's revenue (in the case of undistributed operating expenses). Fixed expenses remain fixed, increasing only with inflation. Our discussion of the revenue and expense forecast in this report is based upon the output derived from the fixed and variable model. This forecast of revenue and expense is accomplished through a systematic approach, following the format of the USALI. Each category of revenue and expense is estimated separately and combined at the end in the final statement of income and expense.

Inflation Assumption

A general rate of inflation must be established that will be applied to most revenue and expense categories. The following table shows inflation estimates made by economists at some noted institutions and corporations.

FIGURE 7-7 INFLATION ESTIMATES

Name (Sample from Survey)	Firm	Projected Increase in Consumer Price Index (Annualized Rate Versus 12 Months Earlier)				
		June 2016	Dec 2016	June 2017	Dec 2017	June 2018
Lewis Alexander	Nomura Securities International	1.1 %	1.9 %	2.3 %	2.0 %	—
Paul Ashworth	Capital Economics	1.2	2.0	3.0	3.0	3.0 %
Daniel Bachman	Deloitte LP	1.1	1.7	2.4	2.6	2.5
Bernard Baumohl	Economic Outlook Group	1.6	1.8	1.9	2.2	2.4
Nariman Behravesh	IHS Global Insight	1.0	2.0	2.6	2.5	2.1
David Berson	Nationwide Insurance	1.5	2.3	2.4	2.5	2.7
Brian Bethune	Tufts University	1.2	1.4	1.8	2.1	2.2
Ram Bhagavatula	Combinatorics Capital	1.8	2.5	2.4	2.4	2.4
Steven Blitz	M Science	0.8	1.5	1.0	0.8	0.5
Beth Ann Bovino	Standard and Poor's	1.0	1.7	2.5	2.2	2.1
Michael Carey	Credit Agricole CIB	1.0	1.9	2.2	2.3	—
Joseph Carson	AllianceBernstein	1.4	2.0	2.5	2.5	2.8
Mike Cosgrove	Econoclast	1.5	2.0	2.3	2.3	2.2
Lou Crandall	Wrightson ICA	1.1	2.3	2.9	2.7	2.6
Amy Crews Cutts	Equifax	0.7	0.7	1.2	1.3	1.7
David Crowe	National Association of Home Builders	1.9	2.0	2.1	2.2	2.3
J. Dewey Daane	Vanderbilt University	1.0	1.0	1.0	1.0	1.0
Greg Daco	Oxford Economics	1.3	2.0	2.2	2.3	2.0
Rajeev Dhawan	Georgia State University	0.6	1.0	2.4	2.8	2.8
Douglas Duncan	Fannie Mae	1.1	1.7	2.2	2.1	2.1
Robert Dye	Comerica Bank	1.6	2.3	2.2	2.0	2.0
Maria Fiorini Ramirez/Joshua Shapiro	MFR, Inc.	1.1	1.6	2.0	1.7	—
Mike Fratantoni	Mortgage Bankers Association	1.4	1.9	2.0	2.1	2.3
Michael Gapen	Barclays Capital	1.2	2.4	2.5	2.5	—
Michael Gregory	BMO Capital	1.2	2.1	2.4	2.3	2.2
Ethan Harris	Bank of America Securities- Merrill Lynch	1.1	2.2	2.5	2.2	—
Jan Hatzius	Goldman, Sachs & Co.	1.1	2.1	2.8	2.3	2.2
Derek Holt	Scotiabank	1.1	2.0	2.3	2.3	2.0
Constance Hunter	KPMG	2.1	1.5	2.9	2.1	1.8
Nathaniel Karp	BBVA Compass	1.0	1.8	2.1	2.2	2.2
Jack Kleinhenz	National Retail Federation	1.0	1.7	2.1	2.2	—
Joseph LaVorgna	Deutsche Bank Securities, Inc.	1.1	1.6	2.0	1.8	2.0
Edward Leamer/David Shulman	UCLA Anderson Forecast	1.1	1.8	2.8	3.0	3.0
Kevin Logan	HSBC Securities	1.1	1.5	1.9	2.0	—
John Lonski	Moody's Investors Service	1.0	1.8	2.0	1.6	1.4
Aneta Markowska	Societe Generale	1.1	1.8	2.2	2.7	2.8
Jim Meil	ACT Research	1.0	1.9	1.9	2.1	2.2
Robert Mellman	JP Morgan Chase & Co.	1.1	2.4	2.4	2.4	2.5
Michael Moran	Daiwa Capital	1.1	1.7	2.2	2.3	2.4
Chad Moutray	National Association of Manufacturers	1.2	1.9	2.7	2.7	2.7
Millan Mulraine	TD Securities	1.1	1.8	2.0	2.0	2.4
Joel Naroff	Naroff Economic Advisors	1.2	2.0	2.8	3.0	2.6
Mark Nielson	MacroEcon Global Advisors	1.3	1.5	1.9	2.1	2.1
Frank Nothaft	Corelogic	1.0	1.5	2.3	2.3	2.5
Jim O'Sullivan	High Frequency Economics	1.2	1.7	2.5	2.7	—
Dr. Joel Prakken/ Chris Varvares	Macroeconomic Advisers	1.1	1.9	2.1	2.1	2.0
Russell Price	Ameriprise Financial	1.1	1.9	2.2	2.2	2.2
Arun Raha	Eaton Corp.	1.5	1.8	2.0	2.1	2.2
Lynn Reaser	Point Loma Nazarene University	1.1	1.6	2.0	2.1	2.2
Martin Regalia	Chamber of Commerce	0.8	1.2	1.9	1.8	—
Ian Shepherdson	Pantheon Macroeconomics	1.0	1.8	2.1	2.5	2.5
John Silvia	Wells Fargo & Co.	1.1	2.0	2.3	2.4	—
Allen Sinai	Decision Economics, Inc.	1.1	1.8	2.1	2.3	2.4
James F. Smith	Parsec Financial Management	1.3	1.6	1.7	1.8	1.8
Sean M. Snith	University of Central Florida	1.1	1.4	2.1	2.2	2.4
Sung Won Sohn	California State University	1.2	1.7	1.8	1.8	1.6
Stephen Stanley	Pierpont Securities	1.1	2.3	3.1	3.3	3.4
Susan M. Sterne	Economic Analysis Associates Inc.	1.7	2.1	1.8	2.0	2.2
James Sweeney	CSFB	1.0	1.5	1.7	2.3	—
Kevin Swift	American Chemistry Council	1.3	2.0	2.5	2.3	2.3
Diane Swonk	Diane Swonk & Associates LLC	1.4	1.9	2.3	2.3	2.4
Carl Tannenbaum	The Northern Trust	1.1	1.9	2.1	2.1	2.1
US Economics Team	BNP Paribas	0.8	2.0	2.0	2.1	—
Bart van Ark	The Conference Board	1.1	2.0	2.4	2.4	—
Brian S. Wesbury/ Robert Stein	First Trust Advisors, L.P.	1.1	2.0	2.7	2.8	2.9
Lawrence Yun	National Association of Realtors	1.3	2.5	3.0	3.3	2.8

Averages: 1.2 % 1.8 % 2.2 % 2.2 % 2.3 %

Source: Wall Street Journal Economic Forecasting Survey, June 2016

As the preceding table indicates, the financial analysts who were surveyed in June 2016 anticipated inflation rates ranging from 0.7% to 2.5% (on an annualized basis) for December 2016; the average of these data points was 1.8%. The same group expects annualized inflation rates of 2.2% for both June 2017 and December 2017, slightly lower than the 2.3% average inflation rate forecast for June 2018.

As a further check on these inflation projections, we have reviewed historical increases in the Consumer Price Index (CPI-U). Because the value of real estate is predicated on cash flows over a relatively long period, inflation should be considered from a long-term perspective.

FIGURE 7-8 NATIONAL CONSUMER PRICE INDEX (ALL URBAN CONSUMERS)

Year	National Consumer Price Index	Percent Change from Previous Year
2005	195.3	—
2006	201.6	3.2 %
2007	207.3	2.8
2008	215.3	3.8
2009	214.5	-0.4
2010	218.1	1.6
2011	224.9	3.1
2012	229.6	2.1
2013	233.0	1.5
2014	234.8	0.8
2015	236.5	0.7
Average Annual Compounded Change		
	2005 - 2015:	1.9 %
	2010 - 2015:	1.6
Source: Bureau of Labor Statistics		

Between 2005 and 2015, the national CPI increased at an average annual compounded rate of 1.9%; from 2010 to 2015, the CPI rose by a slightly lower average annual compounded rate of 1.6%. In 2015, the CPI rose by 0.7%, a decrease from the level of 0.8% recorded in 2014.

In consideration of the most recent trends, the projections set forth previously, and our assessment of probable property appreciation levels, we have applied an underlying inflation rate of 2.0% in 2016, 2.5% in 2017, and 3.0% in 2018 and thereafter. This stabilized inflation rate takes into account normal, recurring inflation cycles. Inflation is likely to fluctuate above and below this level during the projection period. Any exceptions to the application of the assumed underlying



inflation rate are discussed in our write-up of individual income and expense items.

Summary of Projections

Based on an analysis that will be detailed throughout this section, we have formulated a forecast of income and expense. The following table presents a detailed forecast through the first several projection years, including amounts per available room and per occupied room. The second table illustrates our ten-year forecast of income and expense, presented with a lesser degree of detail. The forecasts pertain to years that begin on January 1, 2016, expressed in inflated dollars for each year. Our projections, which begin on January 1, 2016 are based on historical financial data from January 1, 2016 through July 31, 2016, combined with our projections for the remainder of the calendar year.

FIGURE 7-9 DETAILED FORECAST OF INCOME AND EXPENSE AND TRAILING-12-MONTH OPERATING HISTORY

	Historical Operating Results																								Stabilized
	2015/16 Fiscal Year Ending July				2016 Actuals through July				2017				2018				2019				1100				
Number of Rooms:	1100				1100 Projections Aug through Dec				1100				1100				1100				1100				
Occupancy (Paid Rooms):	74%				74%				75%				73%				74%				74%				
Average Rate:	\$193.02				\$194.40				\$199.26				\$201.26				\$203.27				\$209.37				
RevPAR:	\$143.43				\$143.86				\$149.45				\$146.92				\$150.42				\$154.93				
Days Open:	365				365				365				365				365				365				
Occupied Rooms (Paid):	298,332	%Gross	PAR	POR	297,110	%Gross	PAR	POR	301,125	%Gross	PAR	POR	293,095	%Gross	PAR	POR	297,110	%Gross	PAR	POR	297,110	%Gross	PAR	POR	
OPERATING REVENUE																									
Rooms	\$57,585	60.9 %	\$52,350	\$193.02	\$57,759	62.1 %	\$52,508	\$194.40	\$60,003	62.3 %	\$54,548	\$199.26	\$58,987	61.4 %	\$53,625	\$201.26	\$60,393	60.9 %	\$54,903	\$203.27	\$62,205	60.9 %	\$56,550	\$209.37	
Food	25,390	26.9	23,081	85.10	25,176	27.1	22,888	84.74	25,932	26.9	23,574	86.12	26,437	27.5	24,033	90.20	27,775	28.0	25,250	93.49	28,609	28.0	26,008	96.29	
Beverage	5,250	5.6	4,773	17.60	5,086	5.5	4,624	17.12	5,239	5.4	4,763	17.40	5,354	5.6	4,868	18.27	5,611	5.7	5,101	18.89	5,780	5.7	5,254	19.45	
Other Operated Departments	528	0.6	480	1.77	382	0.4	347	1.28	391	0.4	355	1.30	397	0.4	361	1.36	411	0.4	374	1.38	423	0.4	385	1.42	
Parking	3,392	3.6	3,084	11.37	3,413	3.7	3,103	11.49	3,505	3.6	3,186	11.64	3,545	3.7	3,222	12.09	3,676	3.7	3,342	12.37	3,786	3.7	3,442	12.74	
Miscellaneous Income	2,338	2.5	2,125	7.84	1,228	1.3	1,116	4.13	1,257	1.3	1,143	4.18	1,278	1.3	1,162	4.36	1,322	1.3	1,202	4.45	1,362	1.3	1,238	4.58	
Total Operating Revenues	94,483	100.0	85,894	316.70	93,044	100.0	84,586	313.16	96,327	100.0	87,570	319.89	95,999	100.0	87,271	327.53	99,188	100.0	90,171	333.84	102,164	100.0	92,877	343.86	
DEPARTMENTAL EXPENSES *																									
Rooms	14,647	25.4	13,316	49.10	14,744	25.5	13,404	49.63	15,120	25.2	13,746	50.21	15,332	26.0	13,938	52.31	15,878	26.3	14,434	53.44	16,354	26.3	14,867	55.04	
Food & Beverage	18,354	59.9	16,685	61.52	18,481	61.1	16,801	62.20	18,934	60.7	17,213	62.88	19,238	60.5	17,489	65.64	19,902	59.6	18,093	66.99	20,499	59.6	18,636	68.99	
Other Operated Departments	407	77.0	370	1.36	410	107.4	373	1.38	418	107.1	380	1.39	428	107.7	389	1.46	441	107.4	401	1.49	455	107.4	413	1.53	
Parking	1,304	38.4	1,185	4.37	1,314	38.5	1,194	4.42	1,343	38.3	1,221	4.46	1,371	38.7	1,246	4.68	1,415	38.5	1,286	4.76	1,457	38.5	1,325	4.90	
Total	34,712	36.7	31,556	116.35	34,949	37.6	31,772	117.63	35,816	37.2	32,560	118.94	36,369	37.9	33,063	124.09	37,636	37.9	34,214	126.67	38,765	37.9	35,241	130.47	
DEPARTMENTAL INCOME	59,771	63.3	54,338	200.35	58,095	62.4	52,813	195.53	60,511	62.8	55,010	200.95	59,629	62.1	54,209	203.45	61,552	62.1	55,957	207.17	63,399	62.1	57,636	213.39	
UNDISTRIBUTED OPERATING EXPENSES																									
Administrative & General	6,022	6.4	5,474	20.18	6,065	6.5	5,514	20.41	6,209	6.4	5,645	20.62	6,313	6.6	5,739	21.54	6,502	6.6	5,911	21.88	6,697	6.6	6,088	22.54	
Info. and Telecom. Systems	1,676	1.8	1,524	5.62	1,688	1.8	1,535	5.68	1,729	1.8	1,571	5.74	1,757	1.8	1,598	6.00	1,810	1.8	1,646	6.09	1,864	1.8	1,695	6.28	
Marketing	4,884	5.2	4,440	16.37	4,919	5.3	4,472	16.56	5,036	5.2	4,578	16.72	5,120	5.3	4,654	17.47	5,273	5.3	4,794	17.75	5,432	5.3	4,938	18.28	
Prop. Operations & Maint.	3,271	3.5	2,974	10.96	3,295	3.5	2,995	11.09	3,373	3.5	3,067	11.20	3,429	3.6	3,118	11.70	3,532	3.6	3,211	11.89	3,638	3.6	3,307	12.25	
Utilities	1,552	1.6	1,411	5.20	1,563	1.7	1,421	5.26	1,600	1.7	1,455	5.31	1,627	1.7	1,479	5.55	1,676	1.7	1,523	5.64	1,726	1.7	1,569	5.81	
Total	17,405	18.4	15,823	58.34	17,530	18.8	15,936	59.00	17,947	18.6	16,316	59.60	18,246	19.0	16,588	62.25	18,794	19.0	17,085	63.25	19,357	19.0	17,598	65.15	
GROSS HOUSE PROFIT	42,367	44.8	38,515	142.01	40,565	43.6	36,877	136.53	42,563	44.2	38,694	141.35	41,383	43.1	37,621	141.19	42,759	43.1	38,872	143.92	44,042	43.1	40,038	148.23	
Management Fee	4,811	5.1	4,374	16.13	2,791	3.0	2,538	9.39	2,890	3.0	2,627	9.60	2,880	3.0	2,618	9.83	2,976	3.0	2,705	10.02	3,065	3.0	2,786	10.32	
INCOME BEFORE NON-OPER. INC. & EXP.	37,556	39.7	34,141	125.89	37,773	40.6	34,339	127.14	39,674	41.2	36,067	131.75	38,503	40.1	35,003	131.37	39,783	40.1	36,167	133.90	40,977	40.1	37,252	137.92	
NON-OPERATING INCOME AND EXPENSE																									
Property Taxes	5,117	5.4	4,652	17.15	4,756	5.1	4,323	16.01	4,875	5.1	4,432	16.19	5,021	5.2	4,564	17.13	5,172	5.2	4,701	17.41	5,327	5.2	4,842	17.93	
Insurance	449	0.5	408	1.51	453	0.5	412	1.52	462	0.5	420	1.53	474	0.5	431	1.62	488	0.5	444	1.64	503	0.5	457	1.69	
Equipment Rental	148	0.2	135	0.50	149	0.2	136	0.50	152	0.2	138	0.51	156	0.2	142	0.53	161	0.2	146	0.54	166	0.2	150	0.56	
Reserve for Replacement	0	0.0	0	0.00	3,722	4.0	3,383	12.53	3,853	4.0	3,503	12.80	3,840	4.0	3,491	13.10	3,968	4.0	3,607	13.35	4,087	4.0	3,715	13.75	
Total	5,714	6.0	5,195	19.15	9,080	9.8	8,254	30.56	9,342	9.8	8,493	31.02	9,491	9.9	8,628	32.38	9,788	9.9	8,898	32.94	10,081	9.9	9,165	33.93	
EBITDA LESS RESERVE	\$31,842	33.7 %	\$28,947	\$106.73	\$28,693	30.8 %	\$26,085	\$96.58	\$30,331	31.4 %	\$27,574	\$100.73	\$29,013	30.2 %	\$26,375	\$98.99	\$29,996	30.2 %	\$27,269	\$100.96	\$30,896	30.2 %	\$28,087	\$103.99	

* Departmental expenses are expressed as a percentage of departmental revenues.

NOI adjusted to reflect a

3.0% mgmt fee and a 4.0% reserve \$30,039 31.8 %

FIGURE 7-10 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2016		2017		2018		2019		2020		2021		2022		2023		2024		2025	
Number of Rooms:	1100		1100		1100		1100		1100		1100		1100		1100		1100		1100	
Occupied Rooms:	297,110		301,125		293,095		297,110		297,110		297,110		297,110		297,110		297,110		297,110	
Occupancy:	74%		75%		73%		74%		74%		74%		74%		74%		74%		74%	
Average Rate:	\$194.40	% of	\$199.26	% of	\$201.26	% of	\$203.27	% of	\$209.37	% of	\$215.65	% of	\$222.12	% of	\$228.78	% of	\$235.64	% of	\$242.71	% of
RevPAR:	\$143.86	Gross	\$149.45	Gross	\$146.92	Gross	\$150.42	Gross	\$154.93	Gross	\$159.58	Gross	\$164.37	Gross	\$169.30	Gross	\$174.38	Gross	\$179.61	Gross
OPERATING REVENUE																				
Rooms	\$57,759	62.1 %	\$60,003	62.3 %	\$58,987	61.4 %	\$60,393	60.9 %	\$62,205	60.9 %	\$64,071	60.9 %	\$65,993	60.9 %	\$67,973	60.9 %	\$70,012	60.9 %	\$72,113	60.9 %
Food	25,176	27.1	25,932	26.9	26,437	27.5	27,775	28.0	28,609	28.0	29,467	28.0	30,351	28.0	31,261	28.0	32,199	28.0	33,165	28.0
Beverage	5,086	5.5	5,239	5.4	5,354	5.6	5,611	5.7	5,780	5.7	5,953	5.7	6,132	5.7	6,315	5.7	6,505	5.7	6,700	5.7
Other Operated Departments	382	0.4	391	0.4	397	0.4	411	0.4	423	0.4	436	0.4	449	0.4	463	0.4	477	0.4	491	0.4
Parking	3,413	3.7	3,505	3.6	3,545	3.7	3,676	3.7	3,786	3.7	3,900	3.7	4,017	3.7	4,137	3.7	4,261	3.7	4,389	3.7
Miscellaneous Income	1,228	1.3	1,257	1.3	1,278	1.3	1,322	1.3	1,362	1.3	1,403	1.3	1,445	1.3	1,488	1.3	1,533	1.3	1,579	1.3
Total Operating Revenue	93,044	100.0	96,327	100.0	95,999	100.0	99,188	100.0	102,164	100.0	105,229	100.0	108,386	100.0	111,638	100.0	114,986	100.0	118,437	100.0
DEPARTMENTAL EXPENSES*																				
Rooms	14,744	25.5	15,120	25.2	15,332	26.0	15,878	26.3	16,354	26.3	16,845	26.3	17,350	26.3	17,870	26.3	18,407	26.3	18,959	26.3
Food & Beverage	18,481	61.1	18,934	60.7	19,238	60.5	19,902	59.6	20,499	59.6	21,114	59.6	21,747	59.6	22,400	59.6	23,072	59.6	23,764	59.6
Other Operated Departments	410	107.4	418	107.1	428	107.7	441	107.4	455	107.4	468	107.4	482	107.4	497	107.4	512	107.4	527	107.4
Parking	1,314	38.5	1,343	38.3	1,371	38.7	1,415	38.5	1,457	38.5	1,501	38.5	1,546	38.5	1,592	38.5	1,640	38.5	1,689	38.5
Total	34,949	37.6	35,816	37.2	36,369	37.9	37,636	37.9	38,765	37.9	39,928	37.9	41,126	37.9	42,359	37.9	43,630	37.9	44,939	37.9
DEPARTMENTAL INCOME	58,095	62.4	60,511	62.8	59,629	62.1	61,552	62.1	63,399	62.1	65,301	62.1	67,260	62.1	69,278	62.1	71,356	62.1	73,497	62.1
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	6,065	6.5	6,209	6.4	6,313	6.6	6,502	6.6	6,697	6.6	6,898	6.6	7,105	6.6	7,318	6.6	7,538	6.6	7,764	6.6
Info. and Telecom. Systems	1,688	1.8	1,729	1.8	1,757	1.8	1,810	1.8	1,864	1.8	1,920	1.8	1,978	1.8	2,037	1.8	2,098	1.8	2,161	1.8
Marketing	4,919	5.3	5,036	5.2	5,120	5.3	5,273	5.3	5,432	5.3	5,595	5.3	5,762	5.3	5,935	5.3	6,113	5.3	6,297	5.3
Prop. Operations & Maint.	3,295	3.5	3,373	3.5	3,429	3.6	3,532	3.6	3,638	3.6	3,747	3.6	3,860	3.6	3,976	3.6	4,095	3.6	4,218	3.6
Utilities	1,563	1.7	1,600	1.7	1,627	1.7	1,676	1.7	1,726	1.7	1,778	1.7	1,831	1.7	1,886	1.7	1,943	1.7	2,001	1.7
Total	17,530	18.8	17,947	18.6	18,246	19.0	18,794	19.0	19,357	19.0	19,938	19.0	20,536	19.0	21,152	19.0	21,787	19.0	22,440	19.0
GROSS HOUSE PROFIT	40,565	43.6	42,563	44.2	41,383	43.1	42,759	43.1	44,042	43.1	45,363	43.1	46,724	43.1	48,126	43.1	49,569	43.1	51,057	43.1
Management Fee	2,791	3.0	2,890	3.0	2,880	3.0	2,976	3.0	3,065	3.0	3,157	3.0	3,252	3.0	3,349	3.0	3,450	3.0	3,553	3.0
INCOME BEFORE NON-OPER. INC. & EXP.	37,773	40.6	39,674	41.2	38,503	40.1	39,783	40.1	40,977	40.1	42,206	40.1	43,472	40.1	44,777	40.1	46,120	40.1	47,504	40.1
NON-OPERATING INCOME AND EXPENSE																				
Property Taxes	4,756	5.1	4,875	5.1	5,021	5.2	5,172	5.2	5,327	5.2	5,487	5.2	5,651	5.2	5,821	5.2	5,995	5.2	6,175	5.2
Insurance	453	0.5	462	0.5	474	0.5	488	0.5	503	0.5	518	0.5	533	0.5	549	0.5	566	0.5	583	0.5
Equipment Rental	149	0.2	152	0.2	156	0.2	161	0.2	166	0.2	170	0.2	176	0.2	181	0.2	186	0.2	192	0.2
Reserve for Replacement	3,722	4.0	3,853	4.0	3,840	4.0	3,968	4.0	4,087	4.0	4,209	4.0	4,335	4.0	4,466	4.0	4,599	4.0	4,737	4.0
Total	9,080	9.8	9,342	9.8	9,491	9.9	9,788	9.9	10,081	9.9	10,384	9.9	10,695	9.9	11,016	9.9	11,347	9.9	11,687	9.9
EBITDA LESS RESERVE	\$28,693	30.8 %	\$30,331	31.4 %	\$29,013	30.2 %	\$29,996	30.2 %	\$30,896	30.2 %	\$31,822	30.2 %	\$32,777	30.2 %	\$33,760	30.2 %	\$34,773	30.2 %	\$35,817	30.2 %

*Departmental expenses are expressed as a percentage of departmental revenues.



Forecast of Income and Expense

The following description sets forth the basis for the forecast of income and expense. We anticipate that it will take five years for the subject property to reach a stabilized level of operation. Each revenue and expense item has been forecast based upon our review of the subject property's operating history, operating budget, and comparable income and expense statements. The forecast begins on January 1, 2016, expressed in inflated dollars for each year.

Rooms Revenue

Rooms revenue is determined by two variables: occupancy and average rate. We projected occupancy and average rate in a previous section of this report. The subject property is expected to stabilize at 74.0% with an average rate of \$209.37 in 2020. Following the stabilized year, the subject property's average rate is projected to increase along with the underlying rate of inflation.

Food and Beverage Revenue

In the case of the Hyatt Regency Denver Colorado Convention Center, the hotel's outlet offerings (a restaurant and two lounges) serve as a source of revenue as well as an amenity that assists in the sale of guestrooms. In addition to this offering, banquet space at the subject property spans 70,172 square feet. **The hotel's restaurant is expected to be renovated and expanded in 2017.** Once the renovation and expansion are complete, the hotel's restaurant will feature an improved layout, inclusive of a bar, which is anticipated to drive higher revenues and attract patronage from non-hotel guests. As such, food and beverage revenues are expected to increase in the second and third projection years. We have forecast the increases in revenue based on our conversations with ownership and a review of the comparable operating statements.

In 2015/16, the subject property's food revenue equated to 44.1% of rooms revenue or \$85.10 per occupied room, while beverage revenue equated to 20.7% of food revenue or \$17.60 per occupied room. In 2015/16, total food and beverage revenue equated to 32.4% of total revenue or \$102.70 per occupied room. The comparable statements illustrate food revenue ranging from 38.6% to 101.4% of rooms revenue, or \$68.74 and \$214.72 per occupied room. We forecast food revenue at 43.6% of rooms revenue or \$84.74 per occupied room in year one, stabilizing at 46.0% of rooms revenue and \$96.29 per occupied room. The comparable statements illustrate beverage revenue ranging between 11.0% and 29.8% of food revenue, or \$7.91 and \$23.70 per occupied room. We forecast beverage revenue at 20.2% of food revenue or \$17.12 per occupied room in year one, stabilizing at 20.2% of food revenue and \$19.45 per occupied room. Total food and beverage revenue has been forecast at 32.5% of total revenue and \$101.86 per occupied room in year one, stabilizing at 33.7% of total revenue and \$115.74 per occupied room.



Other Operated Departments Revenue

According to the Uniform System of Accounts, other operated departments include any major or minor operated department other than rooms, food, and beverage. Revenues that are collected from in-house employee laundry and dry-cleaning services and guest communications are reflected in this line item.

In the 2015/16 base year, other operated departments revenue equated to 0.9% of rooms revenue, or \$1.77 per occupied room. The comparable operating statements illustrate other operated departments revenue ranging from 1.7% to 31.6% of rooms revenue and \$2.90 to \$66.82 per occupied room. We forecast the subject property's other operated departments revenue at 0.7% of rooms revenue or \$1.28 per occupied room in year one, stabilizing at 0.7% of rooms revenue or \$1.42 per occupied room.

Parking Income

Parking income equated to \$11.37 per occupied room in 2015/16. **The subject property's parking operation is** an important component of the hotel. We expect parking revenues to continue and increase at the underlying inflationary rate. We forecast the subject property's parking income to stabilize at \$12.74 per occupied room by the stabilized year, 2020.

Miscellaneous Income

In 2015/16, the subject property's miscellaneous income equated to 4.1% of rooms revenue or \$7.84 per occupied room. Miscellaneous income revenue for the comparables ranged from 1.5% to 5.1% of rooms revenue or \$2.39 to \$10.71 per occupied room. **Revenues that are collected from commissions,** cancellation fees, interest income, guest laundry and dry-cleaning services, and other miscellaneous charges are reflected in this line item. We forecast the subject property's miscellaneous income at 2.1% of rooms revenue or \$4.13 per occupied room in year one, stabilizing at 2.2% of rooms revenue or \$4.58 per occupied room.

Rooms Expense

Rooms expense consists of items related to the sale and upkeep of guestrooms and public space. Salaries, wages, and employee benefits account for a substantial portion of this category. Although payroll varies somewhat with occupancy and managers can generally scale the level of service staff on hand to meet an expected occupancy level, a base level of front desk personnel, housekeepers, and supervisors must be maintained at all times. As a result, salaries, wages, and employee benefits are moderately sensitive to changes in occupancy.

Commissions and reservations are usually based on room sales and, thus, are highly sensitive to changes in occupancy and average rate. While guest supplies vary 100% with occupancy, linens and other operating expenses are only slightly affected by volume.

In 2015/16, rooms expense for the subject property equated to 25.4% of rooms revenue, or \$49.10 per occupied room. The comparables illustrated rooms



expense ranging between 19.5% and 29.7% of rooms revenue, or \$31.73 to \$58.55 per occupied room. We have projected rooms expense for the subject at 25.5% or \$49.63 per occupied room in year one, stabilizing at 26.3% or \$55.04 per occupied room.

Food and Beverage Expense

Food and beverage expense is associated with the generation of food and beverage revenue in a hotel's restaurant and lounge outlets, as well as its banquet and meeting facilities. The cost of food and beverage is directly correlated to food and beverage revenue, while food and beverage payroll expense is moderately fixed. The cost of items such as china, linens, and uniforms are less dependent on volume.

In 2015/16, the subject property's food and beverage expense equated to 59.9% of food and beverage revenue. The comparables illustrate food and beverage expense ranging between 55.8% and 70.9% of food and beverage revenue. Food and beverage expense has been forecast at 61.1% in year one, stabilizing at 59.6%.

Other Operated Departments Expense

Other operated departments expense comprises expenses associated with the hotel's various other and minor operated departments. Other operated departments expense equated to 77.0% of departmental revenue and \$1.36 per occupied room in 2015/16. The expense ranges from \$2.76 to \$54.32 per occupied room for the comparables. We have forecast other operated departments expense at 107.4% of departmental revenue or \$1.38 per occupied room in year one, stabilizing at 107.4% of departmental revenue or \$1.53 per occupied room.

Parking Expense

Parking expense equated to 38.4% of parking income in 2015/16. **According to hotel management**, a large portion guests self-park; as such, parking expenses are maintained at a relatively low level. We expect these expenses to continue and increase at the underlying inflationary rate. We have projected a stabilized expense ratio of 38.4% in 2020.

Administrative and General Expense

Administrative and general expense includes the salaries and wages of all administrative personnel who are not directly associated with a particular department. Expense items related to the management and operation of the property are also allocated to this category.

Most administrative and general expenses are relatively fixed. The exceptions are cash overages and shortages; commissions on credit card charges; provision for doubtful accounts, which are moderately affected by the number of transactions or total revenue; and salaries, wages, and benefits, which are very slightly influenced by volume.



In 2015/16, the subject property's administrative and general expense equated to 6.4% of total revenue or \$5,474 per available room. For the comparables, this expense ranges from 5.9% to 7.7% of total revenue or \$4,706 to \$8,107 per available room. Administrative and general expense has been forecast at 6.5% of total revenue or \$5,514 per available room in year one, stabilizing at 6.6% of total revenue or \$6,088 per available room.

Information and Telecommunications Systems Expense

Information and telecommunications systems expense consists of all costs associated with a hotel's technology infrastructure. This includes the costs of cell phones, administrative call and Internet services, and complimentary call and Internet services. Expenses in this category are typically organized by type of technology, or the area benefitting from the technology solution.

Marketing Expense

Marketing expense consists of all costs associated with advertising, sales, and promotion; these activities are intended to attract and retain customers. Marketing can be used to create an image, develop customer awareness, and stimulate patronage of a property's various facilities.

The marketing category is unique in that all expense items, with the exception of fees and commissions, are totally controlled by management. Most hotel operators establish an annual marketing budget that sets forth all planned expenditures. If the budget is followed, total marketing expenses can be projected accurately.

Marketing expenditures are unusual because although there is a lag period before results are realized, the benefits are often extended over a long period. Depending on the type and scope of the advertising and promotion program implemented, the lag time can be as short as a few weeks or as long as several years. However, the favorable results of an effective marketing campaign tend to linger, and a property often enjoys the benefits of concentrated sales efforts for many months.

In 2015/16, marketing expense for the subject property equated to 5.2% of total revenue or \$4,440 per available room. This expense for the comparables ranged from 5.1% to 7.0% of total revenue or \$3,858 to \$7,412 per available room. Marketing expense has been projected at 5.3% of total revenue or \$4,472 per available room in year one, stabilizing at 5.3% of total revenue or \$4,938 per available room.

Franchise Fee

The hotel is assumed to be operated by the brand throughout the projection period. The costs of the affiliation are reflected in our forecast. Other charges related to the affiliation, such as the brand's loyalty program, are reflected in the appropriate departmental expenses, consistent with the Uniform System of Accounts for the Lodging Industry (USALI).



Property Operations and Maintenance

Property operations and maintenance expense is another expense category that is largely controlled by management. Except for repairs that are necessary to keep the facility open and prevent damage (e.g., plumbing, heating, and electrical items), most maintenance can be deferred for varying lengths of time.

Maintenance is an accumulating expense. If management elects to postpone performing a required repair, they have not eliminated or saved the expenditure; they have only deferred payment until a later date. A lodging facility that operates with a lower-than-normal maintenance budget is likely to accumulate a considerable amount of deferred maintenance.

The age of a lodging facility has a strong influence on the required level of maintenance. A new or thoroughly renovated property is protected for several years by modern equipment and manufacturers' warranties. However, as a hostelry grows older, maintenance expenses escalate. A well-organized preventive maintenance system often helps delay deterioration, but most facilities face higher property operations and maintenance costs each year, regardless of the occupancy trend. The quality of initial construction can also have a direct impact on future maintenance requirements. The use of high-quality building materials and construction methods generally reduces the need for maintenance expenditures over the long term.

In 2015/16, the subject property's property operations and maintenance expense equated to 3.5% of total revenue or \$2,974 per available room. The comparable operations indicated property operations and maintenance expense ranging from 3.0% to 5.8% of total revenue or \$2,205 to \$4,863 per available room. Property operations and maintenance expense has been forecast at 3.5% of total revenue or \$2,995 per available room in year one, stabilizing at 3.6% of total revenue or \$3,307 per available room.

Utilities Expense

The utilities consumption of a lodging facility takes several forms, including water and space heating, air conditioning, lighting, cooking fuel, and other miscellaneous power requirements. The most common sources of hotel utilities are electricity, natural gas, fuel oil, and steam. This category also includes the cost of water service.

Total energy cost depends on the source and quantity of fuel used. Electricity tends to be the most expensive source, followed by oil and gas. Although all hotels consume a sizable amount of electricity, many properties supplement their utility requirements with less expensive sources, such as gas and oil, for heating and cooking.



In 2015/16, the subject property's utilities expense equated to 1.6% of total revenue or \$1,411 per available room. The comparable operations indicate utilities expense ranging from 3.0% to 5.8% of total revenue, or \$1,869 to \$3,215 per available room. Utility expenses are highly tied to local utility rates in the Denver market; therefore, we have given primary consideration to the hotel's operating history. Utilities expense has been forecast at 1.7% of total revenue or \$1,421 per available room in year one, stabilizing at 1.7% of total revenue or \$1,569 per available room.

Management Fee

Management expense consists of the fees paid to the managing agent contracted to operate the property. Some companies provide management services and a brand-name affiliation (first-tier management company), while others provide management services alone (second-tier management company). Some management contracts specify only a base fee (usually a percentage of total revenue), while others call for both a base fee and an incentive fee (usually a percentage of defined profit). Basic hotel management fees are often based on a percentage of total revenue, which means they have no fixed component. While base fees typically range from 2% to 4% of total revenue, incentive fees are deal-specific and often are calculated as a percentage of income available after debt service and, in some cases, after a preferred return on equity. **As stated previously, the subject** property's existing management agreement with Hyatt Hotels Corporation establishes management fees based on Consumer Price Index (CPI) levels, and future management fees are determined one year in advance. Historically, the base and incentive management fees have ranged from 5.0% to 5.6% of revenues. We have assumed that new management fee terms would be contracted at a flat fee of 5.0%. This flat fee is considered to appropriately reflect what a qualified management company would require for compensation in lieu of a typical base- and incentive-fee management structure. Total management fees for the subject property have been forecast at a market rate fee of 3.0% of total revenue.

Property Taxes

Property (or ad valorem) tax is one of the primary revenue sources of municipalities. Based on the concept that the tax burden should be distributed in proportion to the value of all properties within a taxing jurisdiction, a system of assessments is established. Theoretically, the assessed value placed on each parcel bears a definite relationship to market value; thus, properties with equal market values will have similar assessments, and properties with higher and lower values will have proportionately larger and smaller assessments.

Depending on the taxing policy of the municipality, property taxes can be based on the value of the real property or the value of the personal property and the real property. We have based our estimate of the subject property's market value (for tax purposes) on an analysis of assessments of both the subject property and



comparable hotel properties in the local municipality. The following table details the subject property's assessment history.

FIGURE 7-11 SUBJECT PROPERTY'S ASSESSMENT HISTORY – REAL PROPERTY

Year	Real Property			
	Appraised Value		Assessed Value	
	Real Property Total	Percent Change	Total	Percent Change
2013	\$160,403,200	—	\$46,516,928	—
2014	160,403,200	0.0 %	46,516,928	0.0 %
2015	188,020,200	17.2	54,525,858	17.2

Source: Denver County Assessor

FIGURE 7-12 SUBJECT PROPERTY'S ASSESSMENT HISTORY – PERSONAL PROPERTY

Year	Personal Property			
	Appraised		Assessed	
	Value	Percent Change	Value	Percent Change
2013	\$13,733,363	—	\$3,982,675	—
2014	16,007,626	16.6 %	4,642,212	16.6 %
2015	17,770,228	11.0	5,153,366	11.0

Source: Denver County Assessor

Due to the City of Denver's ownership rights of the subject property, the hotel is exempt from property taxes; however, in accordance with the Economic Development Agreement, a payment in lieu of taxes (PILT) program has been established. Assessed property values are set in January of each year for taxes payable in the same year for both real and personal property.

Tax rates are based on the city and county budgets, which change annually. The following table shows changes in the tax rate during the last several years.

FIGURE 7-13 PROPERTY TAX RATES

Year	Commerical Millage Rate	Personal Property Millage Rate
2013	83.090	83.090
2014	83.054	83.054
2015	78.127	78.127

Source: Denver County Assessor

Because the objective of assessed value is to maintain a specific value relationship among all properties in a taxing jurisdiction, comparable hotel assessments should be evaluated to determine whether the subject property's assessed value appears reasonable in this context. A review of the assessed values of several comparable hotels located in the local county jurisdiction reveals the following information.

FIGURE 7-14 COUNTY-ASSESSED VALUE OF COMPARABLE HOTELS

Hotel	Year Open	Land	Improvements	Total
Subject Property	2005		\$54,525,858	\$54,525,858
Crowne Plaza Denver	1973	\$2,718,750	\$5,563,070	\$8,281,820
Curtis DoubleTree Hotel	1974	1,504,230	11,075,767	12,579,997
Embassy Suites Denver Downtown Convention Center	2010	2,063,582	14,602,631	16,666,213
Grand Hyatt Denver	1979	2,484,575	11,165,377	13,649,952
Marriott Denver City Center	1982	1,300,969	17,059,888	18,360,857
Sheraton Denver	1985	4,920,546	16,021,311	20,941,857

Hotel	Number of Rooms	Amounts Per Room		
		Land	Improvements	Total
Subject Property	1100		\$49,569	\$49,569
Crowne Plaza Denver	364	\$7,469	\$15,283	\$22,752
Curtis DoubleTree Hotel	336	4,477	32,964	37,440
Embassy Suites Denver Downtown Convention Center	403	5,121	36,235	41,355
Grand Hyatt Denver	516	4,815	21,638	26,453
Marriott Denver City Center	613	2,122	27,830	29,952
Sheraton Denver	1231	3,997	13,015	17,012

Source: Denver County Assessor



As previously mentioned, the subject property is not assessed as a typical commercial asset given the City of Denver's ownership interest; however, we have compiled assessment values for hotels within the competitive market to illustrate the subject property's assessment compared to similar hotel properties in Downtown Denver. These data show that the subject property's assessment is slightly above the range presented by the comparable data, but appears reasonable in this context based upon the extent of the subject hotel's improvements, the current quality of the building, and the size of the site.

Based on comparable assessments and the tax rate information, the subject property's projected property tax expense levels are calculated as follows.

FIGURE 7-15 PROJECTED PROPERTY TAX EXPENSE

Year	Assessed Value			Forecast Rate of Value Change	Base Rate of Tax Burden Increase	Commerical Millage Rate	Pers. Prop. Millage Rate	Tax Forecast
	Improvements	Personal	Total					
Historical	\$54,525,858	\$5,153,366	\$59,679,224	—	—	78.13	78.13	\$4,662,559
2016	\$54,525,858	\$5,153,366	\$59,679,224	0.0 %	2.0 %	—	—	\$4,755,810
2017	54,525,858	5,153,366	59,679,224	0.0	2.5	—	—	4,874,705
2018	54,525,858	5,153,366	59,679,224	0.0	3.0	—	—	5,020,946
2019	54,525,858	5,153,366	59,679,224	0.0	3.0	—	—	5,171,575
2020	54,525,858	5,153,366	59,679,224	0.0	3.0	—	—	5,326,722

Insurance Expense

The insurance expense category consists of the cost of insuring the hotel and its contents against damage or destruction by fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, and so forth. General insurance costs also include premiums relating to liability, fidelity, and theft coverage.

Insurance rates are based on many factors, including building design and construction, fire detection and extinguishing equipment, fire district, distance from the firehouse, and the area's fire experience. Insurance expenses do not vary with occupancy.

The subject property's insurance expense equated to 0.5% of revenue or \$408 per available room in 2015/16. Based on the subject hotel's operating budget and/or discussions with management, we project the subject property's insurance expense at 0.5% of total revenue or \$412 per available room in year one, increasing with the rate of inflation in subsequent years.

Other Fixed Items

The subject hotel incurs minimal expenses for various equipment leases. We expect these expenses to continue and increase at the underlying inflationary rate.



Reserve for Replacement

Furniture, fixtures, and equipment are essential to the operation of a lodging facility, and their quality often influences a property's class. This category includes all non-real estate items that are capitalized, rather than expensed. The furniture, fixtures, and equipment of a hotel are exposed to heavy use and must be replaced at regular intervals. The useful life of these items is determined by their quality, durability, and the amount of guest traffic and use.

Periodic replacement of furniture, fixtures, and equipment is essential to maintain the quality, image, and income-producing potential of a lodging facility. Because capitalized expenditures are not included in the operating statement but affect an owner's cash flow, a forecast of income and expense should reflect these expenses in the form of an appropriate reserve for replacement.

The International Society of Hospitality Consultants (ISHC) oversees a major industry-sponsored study of the capital expenditure requirements for full-service/luxury, select-service, and extended-stay hotels. The most recent study was published in 2014.⁶ Historical capital expenditures of well-maintained hotels were investigated through the compilation of data provided by most of the major hotel companies in the United States. A prospective analysis of future capital expenditure requirements was also performed based upon the cost to replace short- and long-lived building components over a hotel's economic life. The study showed that the capital expenditure requirements for hotels vary significantly from year to year and depend upon both the actual and effective ages of a property. The results of this study showed that hotel lenders and investors are requiring reserves for replacement ranging from 4% to 5% of total revenue.

Based on the results of this study, our review of the subject asset and comparable lodging facilities, and our industry expertise, we estimate that a reserve for replacement of 4% of total revenues is sufficient to provide for the timely and periodic replacement of the subject property's furniture, fixtures, and equipment.

Forecast of Income and Expense Conclusion

Revenues and expenses have been forecast for the subject hotel over the projection period shown. Over the long term, occupancy is expected to decline slightly from historical levels as new supply enters the market; however, average rate is anticipated to increase further due to the overall strength of the economy. Therefore, the overall RevPAR should increase over the long term. Historical and projected total revenue and net operating income are set forth in the following chart.

⁶ The International Society of Hotel Consultants, *CapEx 2014, A Study of Capital Expenditure in the U.S. Hotel Industry*.

FIGURE 7-16 FORECAST OF INCOME AND EXPENSE CONCLUSION

	Year	Total Operating Revenue	Percentage Change	House Profit	Percentage Change	House Profit	EBITDA Less Replacement Reserve	Percentage Change	ELRR%
Historical	2011	\$82,472,000	—	\$35,557,000	—	43.1 %	\$25,818,000	—	31.3 %
	2012	83,279,000	1.0 %	35,259,000	(0.8) %	42.3	24,359,000	(5.7) %	29.3
	2013	80,124,000	(3.8)	31,583,000	(10.4)	39.5	20,586,000	(15.5)	25.7
	2014	91,265,000	13.9	38,957,000	23.3	42.7	27,496,000	33.6	30.1
	2015	93,061,000	2.0	41,311,000	6.0	44.4	28,900,000	5.1	31.1
Fiscal Year Ending July	2015/16	94,483,000	1.5	42,367,000	2.6	44.9	30,039,000	3.9	31.8
Projected	2016	\$93,044,000	(1.5) %	\$40,565,000	(4.3) %	43.6 %	\$28,693,000	(4.5) %	30.8 %
	2017	96,327,000	3.5	42,563,000	4.9	44.2	30,331,000	5.7	31.4
	2018	95,999,000	(0.3)	41,383,000	(2.8)	43.1	29,013,000	(4.3)	30.2
	2019	99,188,000	3.3	42,759,000	3.3	43.1	29,996,000	3.4	30.2
	2020	102,164,000	3.0	44,042,000	3.0	43.1	30,896,000	3.0	30.2

The forecast of income and expense anticipates the net operating income ratio to slightly decline from 31.8% of gross revenues in the base year to 30.2% of gross revenues by the fifth projection year.



8. Statement of Assumptions and Limiting Conditions

1. This report is set forth as a market study of the subject property; this is not an appraisal report.
2. This report is to be used in whole and not in part.
3. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed marketable and free of any deed restrictions and easements. The property is evaluated as though free and clear unless otherwise stated.
4. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would render the property more or less valuable. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
5. We have not considered the presence of potentially hazardous materials such as asbestos, urea-formaldehyde foam insulation, polychlorinated biphenyls (PCBs), any form of toxic waste, pesticides, mold, or lead-based paints. We are not qualified to detect hazardous substances and urge the client to retain an expert in this field if desired.
6. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have conducted no specific compliance survey to determine whether the subject property has been designed in accordance with the various detailed requirements of the ADA. It is possible that the design does not conform to the requirements of the act, and this could have an unfavorable effect on operations. Because we have no direct evidence regarding this issue, our estimates do not consider possible non-compliance with the ADA.
7. We have made no survey of the property, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate is within the boundaries of the property described, and that there is no encroachment or trespass unless noted.
8. All information, financial operating statements, estimates, and opinions obtained from parties not employed by TS Worldwide, LLC are assumed true and correct. We can assume no liability resulting from misinformation.



9. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
10. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including the appropriate liquor license if applicable), and that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.
11. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
12. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.
13. We are not required to give testimony or attendance in court because of this analysis without previous arrangements, and shall do so only when our standard per-diem fees and travel costs have been paid prior to the appearance.
14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
15. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection.
16. The quality of a lodging facility's onsite management has a direct effect on a property's economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
17. The financial analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease because of market volatility and economic forces outside the control of the hotel's management. We assume that the price of hotel rooms, food, beverages, and other sources of revenue to the hotel will be adjusted to offset any increases or decreases in related costs. We do not warrant that our estimates will be attained, but they have been developed based upon information obtained during the course of our market research and are intended to reflect the expectations of a typical hotel investor as of the stated date of the report.



18. This analysis assumes continuation of all provisions of the Internal Revenue Code of 1986, as amended to date.
19. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded to the nearest tenth of a percent. Thus, these figures may be subject to small rounding errors.
20. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client, and use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
21. Evaluating hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide operating result indications, the final estimates is subjective and may be influenced by our experience and other factors not specifically set forth in this report.
22. This study was prepared by TS Worldwide, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of TS Worldwide, LLC as employees, rather than as individuals.



9. Certification

The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. we have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
4. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined result or direction in performance that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this study;
7. our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
8. Ryan Mark and Brett E. Russell personally inspected the property described in this;
9. Ryan Mark provided significant assistance to Brett E. Russell, and that no one other than those listed above and the undersigned prepared the analyses, conclusions, and opinions concerning the real estate that are set forth in this report;
10. Brett E. Russell has not performed services, as an appraiser or in any other capacity, on the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;
11. the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code



of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute;

12. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
13. as of the date of this report, Brett E. Russell has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.

A handwritten signature in black ink, appearing to read "B. E. Russell", is positioned above a horizontal line.

Brett E. Russell
Senior Vice President, Partner
TS Worldwide, LLC



Brett Russell

EMPLOYMENT

2001 to present	HVS CONSULTING AND VALUATION Denver, Colorado
1999 – 2001	EVOKE COMMUNICATIONS Louisville, Colorado
1997 – 1999	THARALDSON PROPERTY MANAGEMENT Canton, Ohio and Westminster, Colorado

EDUCATION AND OTHER TRAINING

Information Systems and Business Studies – Mount Union College

Certified General Appraiser Classes Completed:

NCRE-200 Registered Appraiser
NCRE-202 Standards and Ethics
NCRE-204 Basic Appraisal Application
NCRE-304 Complex Appraisal Application
NCRE-209 Small Residential Income
NCRE-211 Certified Residential
NCRE-215 Appraisal Principles and Advanced Applications
NCRE-310 Basic Income Capitalization – 39 hours
General Market Analysis and HBU – 30 hours
Report Writing – 40 hours
Business Practices and Ethics – 5 hours
Advanced Income Capitalization – 40 hours
Fundamentals of Separating Real, Personal Property, and Intangible Business Assets – 15 hours
Small Hotel/Motel Valuation – 7 hours
Condominiums, Co-ops, and PUDs – 7 hours
Mandatory New Mexico Class – 4 hours
Introduction to Legal Descriptions – 2 hours
Real Estate Finance Statistics and Valuation Modeling – 15 hours



EDUCATION (CON'T)

Comparative Analysis – 7 hours
Forecasting Revenue – 7 hours
NC Trainee Supervisor Class – 4 hours
Advanced Market Analysis & HBU – 35 hours
NM Mandatory Class – 4 hours
USPAP Update – 2008, 2010, 2012, 2014, 2015

STATE CERTIFICATIONS

Arizona, California, Colorado, New Mexico, South Dakota, Utah

PUBLISHED ARTICLES

<i>HVS Journal</i>	"Key Hotel-Related Takeaways: MBA CREF16," co-authored with Desiree Flanary, February 2016
<i>HVS Journal</i>	"The Millennial Shift in Hotel Brands," December 2015
<i>HVS Journal</i>	"In Focus Hotel Market Report: Denver, CO," co-authored with Ryan Mark, November 2015
<i>HVS Journal</i>	"Five Key Takeaways: The Lodging Conference 2015," co-authored with Ryan Wall and Adam Lair, October 2015
<i>HVS Journal</i>	"Five Key Takeaways: 2015 CREJ Hotel & Resort Summit," April 2015
<i>HVS Journal</i>	"Hotel-Related Takeaways: Mortgage Bankers Association's CREF / Multifamily Housing Convention & Expo 2015," co-authored with Desiree Flanary, February 2015
<i>HVS Journal</i>	"Five Key Takeaways: ALIS Conference (The Americas Lodging Investment Summit)," co-authored with Tanya Pierson and Susan Furbay, February 2015
<i>HVS Journal</i>	"Snowfall's Impact on Ski Market Hotels," January 2015
<i>HVS Journal</i>	"Market Intelligence Report: 2013 Colorado Mountains," August 2013

EXAMPLES OF CORPORATE AND INSTITUTIONAL CLIENTS SERVED

1st Bank
 1st National Bank of Santa Fe
 Abe Investments
 American Realty Capital
 Apollo Real Estate
 Arbor Commercial
 Aspen FSP – ABR LLC
 Bancorp
 Bank of America
 Bank of Choice
 Bank of Colorado
 Bank of Rio Grande
 Bank of Texas
 Bankers Bank
 Baywood Hotels
 BBVA Compass
 Bear Stearns
 Best Western
 Blackrock Financial
 Borrego Springs Bank
 Calyon New York
 CapitalSource Bank
 Capmark Bank
 Capmark Financial
 Centier Bank
 Cerberus Real Estate
 CFS Partners LLC
 CIBC
 CIII
 C-III Commercial Mortgage
 Citigroup
 City of Boulder
 City of Branson
 City of Brighton
 City of Imperial Beach
 City of Leavenworth
 City of Macon
 City of Mount Vernon
 City of West Sacramento
 CNL Hospitality Corporation
 Colfax Acquisitions LLC
 Column Financial
 Commonwealth Business Bank
 Commonwealth of the Virgin Islands

Countrywide Financial
 County of Greene, Ohio
 Credit Agricole Corporate Bank
 Credit Suisse First Boston
 Crescent Hospitality
 Creststone Development
 CSM Hotels
 CW Capital
 Dancing Bear LLC
 Deutsche Bank Securities
 Devlin Group
 East Syracuse Lodging, LLC
 EB5 Capital
 EKS&H
 Eldridge Partners
 Element Properties
 Emerson International
 Evergreen Land Company
 Far East National Bank
 Fidelity of Florida
 First National Bank of Colorado
 First National Bank of Omaha
 First National Bank of Santa Fe
 First NBC Bank
 First State Bank
 FirstBank
 Flying Horse Club
 Forum Real Estate
 Gatehouse Capital
 GE Capital Corporation
 Glacier Bank
 Glacier Club
 GMAC Commercial Mortgage Corporation
 Good Hospitality
 Great Southern Bank
 Great Western Bank
 Greenwich Capital Financial Products, Inc.
 Grobel Properties
 Guaranty Bank and Trust Co.
 Gustin Property Group
 Hall Finance
 Hamister Development
 Hamister Group
 HCW Development Company, LLC
 Hensel Phelps

Hermes Group
 HilMAC
 Hilton Hotels
 HMB Partners
 Host Marriott
 HVS Moscow/Vnesheconombank
 Hyatt Hotels
 Integra Bank
 J Street Development
 JAM Hospitality
 Jones Waldo
 Klas Management
 La Pour Partners
 Ladder Capital
 Lakeside Capital
 Langston Development
 Largo Real Estate Advisors
 Larimer Associates
 Latitude Management Real Estate Investors, Inc.
 Lehman Brothers FSB
 Lexden Capital
 Lexin Capital
 Lightrock Hospitality
 LNR Partners, LLC
 Los Alamos National Bank
 Lowe Enterprises
 Manufacturers and Traders Trust Company
 Marriott International
 Merani Development
 MeriStar Hospitality
 Merrill Lynch Capital
 MetaBank
 Metropolitan Bank
 Midland Loan Services, Inc.
 Miller Global
 Montgomery Highlands
 Moody's Financial
 Morgan Stanley
 Mortenson
 NASA Credit Union
 Oberstein Properties
 Oppenheimer
 OPUS Northeast
 ORIX Capital
 Oxbox Ventures

Ozark Mountain Bank
 Palmer Gosnell Hospitality
 Park Junction Partners LLC
 Park National Bank
 Patriot Group
 Piper Jaffray
 PNC Bank
 Potomac Bank
 Poydras Property Hotel Holdings
 Prime Finance
 Private Capital Group
 Propel Development
 Prudential Finance
 Prudential Mortgage Capital Company
 Queste Capital
 RBS Greenwich Capital
 Redwood Commercial Mortgage Corporation
 Regions Bank
 Resorts Inn Incorporated
 RKN Holdings
 Sage Hospitality
 Salt Lake City
 Scalley & Reading, P.C.
 Sequoia Capital
 Shree Shanti Group
 Silverton Bank
 Simon Group
 Simon Properties
 Skyline Investments
 Smith Asset Group
 Starwest Holdings
 Starwood Capital
 State of Kansas
 Steptoe & Johnson LLP
 Stockman Bank
 Stonebridge Companies
 Swerdling & Associates
 Tarsadia Hotels
 Tebo Development
 Thayer Lodging
 The Simon Companies
 The Summit Group
 Thrivent Financial Bank
 Torchlight
 Town of Breckenridge
 Town of Hayden

Trancas Retail Center Fund
 Transcas Capital
 Triple Five Development
 Twenty4 Seven Hotels
 United Central Bank
 United Properties
 University of Virgin Islands
 Urgo Hotel
 Wachovia
 Wells Fargo RETECHS
 Western Financial Bank
 White and Williams
 White Lodging Services Corp.
 Widewaters Group
 Wilkins Associates
 William Cole, Inc.
 Willow Capital Group
 WPB Hospitality
 WPM Construction
 Wyndham Hotels & Resorts
 Xanterra Parks & Resorts

EXAMPLES OF PROPERTIES APPRAISED OR EVALUATED

ALABAMA

Holiday Inn Airport, Birmingham
 Courtyard by Marriott, Gulf Shores

ALASKA

Proposed Embassy Suites, Anchorage
 Sheraton Hotel, Anchorage

ARIZONA

Proposed Hotel and Golf Course Community, Bullhead City
 Carefree Resort, Carefree
 Hampton Inn, Chandler
 Homewood Suites, Chandler
 Proposed Hilton, Chandler
 Proposed Residence Inn by Marriott, Chandler
 Proposed TownePlace Suites by Marriott, Chandler

Courtyard by Marriott, Flagstaff
 Embassy Suites, Flagstaff
 Proposed Select-Service Hotel, Lake Havasu
 Arizona Golf Resort, Mesa
 Sleep Inn, Mesa
 Proposed Hampton Inn & Suites, Page
 Proposed Wingate Inn, Page
 Best Western, Phoenix
 Embassy Suites Airport, Phoenix
 Renaissance Phoenix Downtown, Phoenix
 Royal Palms Resort and Spa, Phoenix
 Sheraton Phoenix Downtown, Phoenix
 Hampton Inn Shea, Scottsdale
 Proposed Hyatt House, Scottsdale
 Hampton Inn, Sedona
 Four Points Tempe, Tempe
 Marriott Buttes, Tempe
 Embassy Suites Airport, Tucson
 Grand Canyon Railway Hotel and Resort, Williams

ARKANSAS

Hilton Garden Inn, Little Rock
 Proposed Hotel, Hot Springs Village
 Proposed Marriott, Little Rock
 La Quinta Inn & Suites, Russellville

CALIFORNIA

Anaheim Marriott, Anaheim
 Anaheim Sheraton, Anaheim
 Portofino Inn and Suites, Anaheim
 Embassy Suites, Arcadia
 SLS Hotel, Beverly Hills
 Embassy Suites, Brea
 Proposed Hilton Garden Inn, Burbank
 Courtyard by Marriott, Chico
 Residence Inn by Marriott, Chico
 Holiday Inn Fresno Airport, Fresno
 Proposed Residence Inn by Marriott, Garden Grove
 Homewood Suites, Garden Grove
 Hampton Inn, Garden Grove
 Hilton Garden Inn, Garden Grove

Proposed Dual-Branded Hotel, Hawthorne	Proposed SpringHill Suites by Marriott, San Diego	Proposed Fairfield Inn by Marriott, Broomfield
Proposed Seacoast Inn, Imperial Beach	Radisson Mission Valley, San Diego	Academy Hotel, Colorado Springs
Proposed Hyatt Place, Indio	Towne & County Resort & Conference Center, San Diego	Best Western Academy, Colorado Springs
Proposed Residence Inn by Marriott, Indio	Holiday Inn Airport, San Francisco	Cheyenne Mountain Resort, Colorado Springs
Proposed Westin, Indio	Proposed Hotel, San Francisco	Courtyard by Marriott, Colorado Springs
Proposed Select-Service Hotel, Livermore	Proposed Sheraton Hotel, San Gabriel	Hilton Garden Inn, Colorado Springs
Embassy Suites, Lompoc	Embassy Suites, San Luis Obispo	Proposed Complex (full-service hotel, two limited-service hotels and conference center), Colorado Springs
Courtyard by Marriott, Long Beach	Embassy Suites, Santa Ana	Proposed Hilton Garden Inn, Colorado Springs
Proposed Hampton Inn & Suites Korea Town, Los Angeles	Courtyard, Santa Rosa	Proposed Holiday Inn Express & Suites, Colorado Springs
Wilshire Plaza Hotel, Los Angeles	Embassy Suites, Temecula	Proposed Limited-Service Hotel, Colorado Springs
Developable Land, Mammoth Lakes	Residence Inn by Marriott, Torrance	Proposed Renaissance, Colorado Springs
Proposed Field & Stream Hotel, Mammoth Lakes	Proposed Hampton Inn, Walnut Creek	Proposed Select-Service Hotel, Colorado Springs
Proposed Residence Inn by Marriott, Mammoth Lakes	Proposed Home2 Suites by Hilton, Walnut Creek	Radisson Hotel, Colorado Springs
Shilo Inn, Mammoth Lakes	Proposed City Hotel, West Sacramento	Residence Inn by Marriott, Colorado Springs
Courtyard, Modesto	Courtyard, Vacaville	Wyndham Hotel, Colorado Springs
Best Western Ivy, Napa	COLORADO	Proposed Irwin Mountain Lodge, Crested Butte
Proposed SpringHill Suites, Ontario	Hotel Aspen, Aspen	Courtyard by Marriott Denver Tech Center, Denver
Homewood Suites, Palm Desert	Proposed Aspen Club & Spa, Aspen	Crawford Hotel, Denver
Proposed Autograph Hotel, Palm Desert	Proposed Boomerang Hotel, Aspen	Renaissance Denver, Denver
Residence Inn by Marriott, Palm Desert	Sky Hotel, Aspen	DoubleTree DTC, Denver
Courtyard by Marriott, Palm Desert	Marriott DIA Gateway Park, Aurora	Hampton Inn DIA, Denver
Proposed Hilton Garden Inn, Redondo Beach	Proposed Hyatt Place, Aurora	Proposed Best Western Plus Gateway Park, Denver
Proposed Homewood Suites, Redondo Beach	Proposed Element Hotel, Basalt	Proposed Boutique Hotel - Sloan Lake, Denver
Proposed Hyatt Place, Redondo Beach	Courtyard by Marriott, Boulder	Proposed Cherry Creek Hotel, Denver
Proposed Residence Inn, Redondo Beach	Proposed Hotel, Boulder	Proposed Convention Hotel, Denver
Proposed Select-Service Hotel, Sacramento	Proposed Hotel North Boulder, Boulder	Proposed Element Hotel, Denver
Residence Inn by Marriott, Sacramento	Proposed Hotel Pearl Street, Boulder	Proposed Hilton Garden Inn, Denver
Comfort Inn & Suites, San Diego	Proposed Residence Inn by Marriott, Boulder	Proposed Hotel Indigo, Denver
DoubleTree Club Hotel, San Diego	Proposed St. Julian Expansion, Boulder	Proposed Limited-Service Hotel, Denver
DoubleTree Hotel, San Diego	Proposed Hotel, Breckenridge	Proposed Union Station Hotel, Denver
Hilton Harbor Island, San Diego	Proposed Hotel and Conference Center Breckenridge	
Proposed Limited-Service Hotel, San Diego	Proposed Limited-Service Hotel, Breckenridge	
Proposed Residence Inn by Marriott, San Diego	Proposed Residence Inn by Marriott, Breckenridge	
	Peak 8 Condominium Hotel, Breckenridge	
	Proposed Hotel Brighton, Brighton	
	Aloft Arista, Broomfield	

Proposed Woolley's Classic Suites, Denver
 Woolley's Classic Suites, Denver
 Proposed Hotel Glacier Club, Durango
 SilverLeaf Suites, Eagle
 Proposed TownePlace Suites DTC, Englewood
 Courtyard by Marriott, Fort Collins
 Homewood Suites, Fort Collins
 Marriott, Fort Collins
 Proposed Autograph Hotel, Fort Collins
 Residence Inn by Marriott, Fort Collins
 Hilton Garden Inn, Glendale
 Courtyard by Marriott, Glenwood Springs
 Hampton Inn, Glenwood Springs
 Holiday Inn Express, Glenwood Springs
 Hotel Denver, Glenwood Springs
 Hotel Glenwood Springs, Glenwood Springs
 Proposed Courtyard by Marriott, Glenwood Springs
 Proposed Residence Inn by Marriott, Glenwood Springs
 Residence Inn by Marriott, Glenwood Springs
 Ritz Carlton Bachelor Gulch
 The Golden Hotel, Golden
 Proposed Golf and Fishing Resort, Granby
 Adam's Mark, Grand Junction Comfort Inn, Grand Junction
 DoubleTree, Grand Junction
 Proposed Courtyard by Marriott, Grand Junction
 Proposed Hampton Inn and Suites, Grand Junction
 Proposed Residence Inn by Marriott, Grand Junction
 Proposed SpringHill Suites, Grand Junction
 DoubleTree, Greenwood Village
 Proposed Hotel, Hayden
 Proposed Courtyard by Marriott, Highlands Ranch
 Hampton Inn, Lakewood
 Holiday Inn, Lakewood

Sheraton Denver West, Lakewood
 Proposed Hotel & Water Park, Leadville
 Proposed Water Park Resort, Leadville
 Proposed Courtyard by Marriott Highlands Ranch, Littleton
 Proposed TownePlace Suites by Marriott, Lone Tree
 Proposed Home2 Suites by Hilton, Longmont
 Embassy Suites, Loveland
 Hampton Inn, Loveland
 Holiday Inn Express, Montrose
 Proposed Hotel, Northglenn
 Proposed Hampton Inn & Suites, Silverthorne
 Fairfield Inn by Marriott, Steamboat Springs
 Sheraton, Steamboat Springs
 Proposed Holiday Inn Express, Sterling
 Proposed Hilton Garden Inn, Superior
 Proposed Hotel, Superior
 Hotel Madeline, Telluride
 The Peaks Resort and Spa, Telluride
 Proposed Hotel, Telluride
 Proposed Hotel Ajax, Telluride
 Residence Inn, Westminster
 Proposed Wolcott Inn, Wolcott
 Proposed Limited-Service Hotel, Woodland Park
 Proposed Select-Service Hotel, Woodland Park
 Winter Park Ski Resort

CONNECTICUT

Proposed Homewood Suites, Glastonbury

DISTRICT OF COLUMBIA

Hyatt Place E-Street
 Proposed Hyatt Place
 Proposed InterContinental Hotel
 Proposed Residence Inn Navy Yards

FLORIDA

Proposed Four Seasons, Celebration
 Proposed Hotel, Celebration
 Proposed Westin, Celebration
 Hyatt Regency, Coral Gables
 Proposed AC Hotel by Marriott, Dadeland
 The Beachside Hotel, Daytona Beach
 Boardwalk Inn and Suites, Daytona Beach
 Proposed Westin, Daytona Beach
 Palms Plaza Hotel, Daytona Beach
 Westin, Daytona Beach
 Doral Golf Resort & Spa, Doral
 La Quinta Inn & Suites, Fort Lauderdale
 Proposed Hotel, Fort Lauderdale
 Hampton Inn & Suites, Largo
 Holiday Inn Express Hotel & Suites, Largo
 Hilton Omni Center, Miami
 Proposed Aloft South Beach, Miami
 Proposed Hotel, Miami
 SLS Hotel South Beach, Miami
 The Raleigh Hotel, Miami Beach
 Proposed TownePlace Suites by Marriott, Naples
 Embassy Suites Lake Buena Vista, Orlando
 Hyatt Regency Grand Cypress, Orlando
 JW Marriott Grande Lakes, Orlando
 Proposed Hyatt Summerfield Suites, Orlando
 Proposed Fairmont Resort, Orlando
 Residence Inn by Marriott, Orlando
 Ritz-Carlton Grande Lakes and Golf Course, Orlando
 The Villas at Grand Cypress and Golf Course, Orlando
 Ocean Hammock Resort and Golf Club, Palm Island
 PGA National Golf Course and Resort, Palm Springs Garden
 Proposed Resort, St. Augustine
 Proposed Westin Resort, St. Augustine
 Proposed Hotel, Sebring
 Hampton Inn, Stuart
 Embassy Suites Expansion, Tampa
 Proposed element hotel, Tampa

Crowne Plaza, West Palm Beach
La Quinta Inn & Suites, West Palm Beach

GEORGIA

Embassy Suites, Alpharetta
Fairfield Inn & Suites Suwanee, Atlanta
Hampton Inn Buckhead, Atlanta
SpringHill Suites Buckhead, Atlanta
Holiday Inn, Augusta
Holiday Inn Express, Augusta
Days Inn, Columbus
Country Inn & Suites, Conyers
Fairfield Inn by Marriott, Cordele
Holiday Inn Express, Cordele
Holiday Inn Express, Forsyth
Holiday Inn, Jekyll Island
SpringHill Suites, Lithia Springs
Proposed Convention Center Hotel, Macon
Fairfield Inn by Marriott, Milledgeville
Wyndham Peachtree Conference Center, Peachtree City
Red Roof Inn & Suites, Savannah
Savannah Suites, Savannah
Ocean Plaza Beach Resort Expansion, Tybee Island
Fairfield Inn by Marriott, Warner Robbins

HAWAII

DoubleTree Naniloa Hotel, Hilo

IDAHO

Cambria Suites, Boise
Courtyard by Marriott Boise West, Boise
Holiday Inn, Boise
Holiday Inn Express, Boise
Proposed Courtyard by Marriott, Boise
Proposed Holiday Inn Express, Boise
Proposed Economy Extended-Stay, Coeur d'Alene

Proposed Residence Inn by Marriott, Coeur d'Alene

ILLINOIS

Comfort Suites Michigan Avenue, Chicago
Crowne Plaza Avenue Hotel, Chicago
Lenox Suites, Chicago
Proposed Canopy by Hilton, Chicago
Proposed James Hotel, Chicago
Radisson Hotel and Suites, Chicago
Sheraton Suites, Elk Grove
Hampton Inn, Normal
Crowne Plaza Conversion, Schaumburg
Proposed Hyatt Place Midtown, Chicago

INDIANA

Proposed Hotel, Crown Point
Holiday Inn, Evansville
Proposed Best Western Premier, Fair Oaks
Proposed Hampton Inn, Fair Oaks
Proposed Hotel, Fishers
Proposed Courtyard by Marriott, Indianapolis
Proposed SpringHill Suites by Marriott, Indianapolis
Proposed SpringHill Suites by Marriott, Munster
Hometown Inn, Seymour
Proposed SpringHill Suites, Shelbyville

IOWA

Proposed Hotel Des Moines, Polk

KANSAS

Holiday Inn Express, Hays
Eldridge Hotel, Lawrence
Proposed City Hotel and Conference Center, Leavenworth
Proposed Clinton Lake Hotel and Conference Center, Lawrence
Proposed Hotel, Lawrence

Courtyard by Marriott, Overland Park
Hilton Garden Inn, Overland Park
DoubleTree by Hilton, Wichita

KENTUCKY

Courtyard by Marriott, Florence
Holiday Inn, Louisville
Marriott Hotel Downtown, Louisville
Springhill Suites by Marriott, Louisville
Residence Inn by Marriott Downtown, Louisville
Residence Inn by Marriott Northeast, Louisville
Courtyard by Marriott Northeast, Louisville
Courtyard by Marriott, Paducah Super 8, Prestonsburg

LOUISIANA

Fairfield Inn by Marriott, Baton Rouge
Radisson Hotel, Baton Rouge
SpringHill Suites by Marriott, Baton Rouge
TownePlace Suites by Marriott, Baton Rouge
Proposed Holiday Inn Express, Donaldsonville
Hampton Inn, Houma
Holiday Inn, Houma
Proposed Holiday Inn Express, Houma
Best Western Lake Charles, Lake Charles
Holiday Inn Express Hotel & Suites, LaPlace
Proposed Staybridge Suites, Lake Charles
Proposed TownePlace Suites by Marriott, LaPlace
DoubleTree, New Orleans
Hyatt Regency, New Orleans
Proposed Country Inn & Suites, New Orleans
Proposed Hyatt House, New Orleans
Royal St. Charles Hotel, New Orleans

Proposed SpringHill Suites by Marriott,
Slidell

MARYLAND

Proposed Home2 Suites, Chelsea
Proposed Courtyard by Marriott,
Germantown
Proposed Residence Inn, Germantown
Hunt Valley Inn, Hunt Valley
Proposed Homewood Suites by Hilton,
Ocean City
Proposed Residence Inn by Marriott,
Ocean City
Holiday Inn Downtown, Salisbury

MASSACHUSETTS

DoubleTree Bedford Glen, Bedford
Hotel Commonwealth, Boston
Proposed Hotel, Boston
Residence Inn by Marriott, Dedham
Wellbridge - Newton Athletic Club,
Newton
Courtyard by Marriott, Revere

MICHIGAN

Candlewood Suites, Auburn Hills
The Henry Hotel, Dearborn
Hyatt Regency, Dearborn
Holiday Inn, Kalamazoo
Hilton Garden Inn, Novi
Wyndham Garden Towne Center, Novi
Candlewood Suites, Troy

MINNESOTA

Proposed Boutique Hotel Mall of
America, Bloomington
Proposed Renaissance Mall of America,
Bloomington
Proposed Hotel, Bloomington
Proposed Westin, Bloomington
Hilton Garden Inn, Eden Prairie
The Grand Hotel, Minneapolis
Marriott City Center, Minneapolis

Proposed Hotels, Minneapolis
Proposed Hyatt Place, Minneapolis
Proposed Select-Service Hotel,
Minneapolis

Holiday Inn Express, Minnetonka
Kahler Inn & Suites, Rochester
Marriott Mayo Clinic, Rochester
Residence Inn Mayo Clinic, Rochester
Proposed Hotel and Conference Center,
St. Paul

MISSISSIPPI

Wingate by Wyndham, Biloxi
Hampton Inn, Canton
Comfort Inn, Hattiesburg
Proposed Hotel University of
Mississippi Medical Center, Jackson
Ramada Inn, McComb
Holiday Inn Express Hotel & Suites,
Natchez
Proposed Home2 Suites by Hilton,
Oxford
Proposed Oxford Hotel, Oxford
Candlewood Suites, Pearl
Proposed Holiday Inn, Starkville
Holiday Inn Express Hotel & Suites,
Winona

MISSOURI

Branson Landing Hilton, Branson
Chateau on the Lake, Branson
Proposed Condominium Rental Units,
Branson
Proposed Hilton Convention Center
Hotel, Branson
Proposed Modified Full-Service Hotel,
Branson
Proposed Boutique Hotel, Branson
Courtyard by Marriott, Creve Coeur
Proposed Convention Hotel, Kansas City
Proposed Hotel, Kansas City
Proposed Kansas City Convention
Hotel, Kansas City
Proposed Marriott Marquis, Kansas
City

County Club Hotel, Lake of the Ozarks
Courtyard by Marriott, St.
Louis/Westport

MONTANA

Proposed Hotel, Big Sky
Holiday Inn, Billings
Proposed Limited-Service Hotel,
Culbertson
Proposed Best Western Plus, East
Glacier Park
Holiday Inn Express, Helena
Proposed Homewood Suites, Kalispell
Proposed Best Western, Sidney

NEBRASKA

Hilton Convention Center Hotel, Omaha

NEVADA

Proposed Hampton Inn, Fallon
Proposed Holiday Inn Express,
Henderson
Proposed Candlewood Suites,
Henderson
Embassy Suites, Las Vegas
Embassy Suites Airport, Las Vegas
Proposed Limited-Service Hotel, Las
Vegas
Proposed Hotel & Casino, Las Vegas
Proposed Element, Las Vegas
Proposed Wyndham Garden Inn, Las
Vegas
Proposed Residence Inn by Marriott,
Las Vegas
SpringHill Suites, Las Vegas
Baymont Inn, Reno
Homewood Suites, Reno
Hyatt Place, Reno
Siena Hotel, Reno
Travelodge, Reno

NEW HAMPSHIRE

Proposed Arlington Hotel, Bethlehem

NEW JERSEY

Holiday Inn, Budd Lake
 Proposed Hyatt Place, Fort Lee
 Candlewood Suites, Jersey City
 Hampton Inn, Westampton
 Proposed Cambria Suites, West Orange

NEW MEXICO

Crossland Studios, Albuquerque
 DoubleTree by Hilton, Albuquerque
 Holiday Inn Express, Albuquerque
 Hotel Parq Central, Albuquerque
 Hyatt Albuquerque, Albuquerque
 New Mexico Sports & Wellness Del Norte, Albuquerque
 New Mexico Sports & Wellness Downtown, Albuquerque
 New Mexico Sports & Wellness Highpoint, Albuquerque
 New Mexico Sports & Wellness Midtown, Albuquerque
 New Mexico Sports & Wellness Riverpoint, Albuquerque
 Proposed Downtown Hotel, Albuquerque
 Proposed Historic Hotel, Albuquerque
 Wyndham, Albuquerque
 TownePlace Suites, Farmington
 Hilton Garden Inn, Las Cruces
 Extended Stay America, Rio Rancho
 Wellesley Inn and Suites, Rio Rancho
 Proposed Resort, Santa Fe
 El Monte Sagrado, Taos
 Hilton, Woodcliff Lake

NEW YORK

Extended Stay America, Amherst
 Holiday Inn Express, Buffalo
 Proposed Hampton Inn, Buffalo
 Proposed Hilton Garden Inn, Buffalo
 Proposed Renaissance Statler, Buffalo
 Proposed Sleep Inn, Buffalo
 Comfort Suites, Clifton Park

Proposed Hampton Inn, Dewitt
 Residence Inn by Marriott, Fishkill
 Holiday Inn, Grand Island
 Radisson Hotel JFK Airport, Jamaica
 DoubleTree by Hilton, Jamestown
 Holiday Inn, Jamestown
 Proposed DoubleTree by Hilton, Jamestown
 Comfort Inn – The Pointe, Niagara Falls
 Four Points, Niagara Falls
 Holiday Inn Select, Niagara Falls
 Proposed DoubleTree by Hilton, Niagara Falls
 Proposed Hotel, Niagara Falls
 Proposed Holiday Inn Express, Olean
 Proposed Hotel, Oyster Bay
 Proposed Homewood Suites by Hilton, Scotia
 Mirbeau Hotel and Spa, Skaneateles

NORTH DAKOTA

Holiday Inn, Fargo
 Holiday Inn Express, Fargo
 Value Place, Watford City

NORTH CAROLINA

Fairfield Inn & Suites South Biltmore, Asheville
 Renaissance, Asheville
 Candlewood Suites, Cary
 Candlewood Suites, Charlotte
 Fairfield Inn by Marriott Asheville Airport, Fletcher
 Candlewood Suites, Greensboro
 Proposed TownePlace Suites by Marriott, Greensboro
 Fairfield Inn by Marriott, Lumberton
 Amerisuites, Morrisville
 Wingate Inn, Raleigh
 Proposed Fairfield Inn by Marriott, Rocky Mount
 Wingate by Wyndham, Southport

OHIO

Extended Stay America, Brooklyn
 Proposed Hotel, Canton
 Proposed Hampton Inn/Homewood Dual Brand, Cincinnati
 Proposed Renaissance, Cincinnati
 Best Western Cleveland Airport, Cleveland
 Proposed Le Méridien, Cleveland
 Proposed Home2 Suites by Hilton, Greene
 Red Roof Inn, Grove City
 Four Points Hotel, Independence
 Hilton Cleveland South, Independence
 Comfort Inn, Marysville
 Clarion Hotel, Middleburg Heights
 StudioPlus Suites, Middleburg Heights
 Homestead Suites, North Olmsted
 StudioPlus Suites, North Olmsted
 Extended Stay America, Orange
 Homestead Suites, Orange Village
 DoubleTree Guest Suites, Plymouth Meeting
 Holiday Inn Select, Strongsville
 StudioPlus Suites, Westlake
 Ramada Limited, Willoughby

OKLAHOMA

Westin, Oklahoma City

OREGON

Surf Sand Resort, Cannon Beach
 Proposed Candlewood Suites, Medford
 Best Western Agate Beach Inn, Newport
 Proposed Hilton Garden Inn, Portland
 The Resort at the Mountain, Welches

PENNSYLVANIA

Comfort Inn, Erie
 Days Inn, Erie
 Econo Lodge, Erie
 Holiday Inn Express, Erie
 Proposed Sheraton Convention Hotel, Erie
 Residence Inn by Marriott, Erie

Splash Lagoon Water Park, Erie
Hilton, Harrisburg
Fairfield Inn & Suites by Marriott,
Hazleton
Hampton Inn, Hazleton
Residence Inn by Marriott, Hazleton
Proposed Hotel – King of Prussia Mall,
King of Prussia
Market Study, Langhorne
Hawthorne Suites, Philadelphia
Proposed TownePlace Suites,
Washington

RHODE ISLAND

Residence Inn by Marriott, Warwick

SOUTH CAROLINA

Hampton Inn & Suites, Bluffton
Baymont Inn & Suites, Columbia
Savannah Suites, Greenville
Holiday Inn, Myrtle Beach

SOUTH DAKOTA

Best Western, Keystone

TENNESSEE

Aloft Cool Springs, Franklin
Holiday Inn Express, Germantown
Residence Inn by Marriott,
Germantown
Fairfield Inn by Marriott, Germantown
Proposed Embassy Suites, Nashville
Proposed Westin Broadway, Nashville

TEXAS

Holiday Inn Express, Abilene
La Quinta Inn, Abilene
La Quinta Inn & Suites, Angleton
Radisson (Conversion to Line Hotel),
Austin
Super 8 University, Austin
Hampton Inn, Beaumont

Proposed Spa Castle Texas, Carrollton
Proposed Hotel Texas A&M University,
College Station
Holiday Inn Airport, Corpus Christi
Holiday Inn Downtown, Corpus Christi
Night Hotel, Dallas
Proposed Night Hotel (Holiday Inn
Conversion), Dallas
Proposed Saint Elm Hotel, Dallas
Hampton Inn and Suites, El Paso
Proposed Hotel, El Paso
Proposed City-Owned Hotel and Golf
Course, El Paso

Hilton Garden Inn, Fort Worth
Holiday Inn Express, Fort Worth
Proposed Holiday Inn, Fort Worth
Candlewood Suites, Fossil Creek
Holiday Inn Express & Suites, Grapevine
Marriott Horseshoe Bay Resort,
Horseshoe Bay
DoubleTree Bush International Airport,
Houston
Proposed Luxury Hotel Houston
Galleria, Houston
Suburban Lodge, Leon Valley
DoubleTree by Hilton, McAllen
Renaissance, McAllen
Proposed Resort, Meeting Center, &
Golf Course, McKinney
Proposed Limited-Service Hotel,
McKinney
Candlewood Suites, Monahans
Candlewood Suites, Odessa
La Quinta Inn, South Padre Island
Candlewood Suites, Plano
Holiday Inn Express, Rockport
Quality Inn & Suites, San Antonio
Baymont Inn & Suites, Snyder
La Copa Beach Hotel, South Padre
Island
Comfort Inn, Stanton

UTAH

Snowpine Lodge, Alta
Proposed Ski Village Powder Mountain,
Eden

Proposed Hampton Inn & Suites, Logan
Best Western Canyonlands, Moab
Waldorf Astoria The Canyons, Park City
Brookfield Inn, Park City
The Canyons Ski Resort, Park City
Proposed Hotel at The Canyons, Park
City
Proposed Upscale Hotel, Park City
Proposed Convention Center
Headquarters Hotel, Salt Lake City
Proposed Hilton Garden Inn, Salt Lake
City

VERMONT

Sugarbush Mountain, Sugarbush

VIRGINIA

Baymont Inn & Suites, Chesapeake
Proposed Hilton Garden Inn,
Chesapeake
Holiday Inn Express Hotel & Suites,
Emporia
Proposed Residence Inn, Fairfax
Super 8, Danville Marriott, Fairview
Courtyard by Marriott, McLean
Embassy Suites, Richmond
Proposed Hampton Inn, Springfield
Proposed Homewood Suites,
Springfield
Proposed Westin Town Center, Virginia
Beach
Fairfield Inn & Suites by Marriott,
Williamsburg

WASHINGTON

Proposed AC Hotel by Marriott,
Bellevue
Proposed Hotel, Bellevue
Proposed Marriott Hotel, Bellevue
SpringHill Suites by Marriott, Bothell
Proposed Mt. Rainer Resort at Park
Junction, Elbe
Proposed Limited-Service Hotel, Lacey
Proposed Hotel, Mount Vernon



Proposed Courtyard, Redmond
Proposed AC Hotel by Marriott, Seattle
Proposed Autograph, Seattle
Proposed Residence Inn by Marriott,
Seattle
Red Lion, Seattle
Residence Inn Bellevue, Seattle

WEST VIRGINIA

Comfort Inn West Cross Lanes, Charleston
Comfort Inn, Cross Lanes

WISCONSIN

Wyndham Garden, Brookfield
Proposed Hotel Palomar, Milwaukee
Proposed TownePlace Suites by
Marriott, Superior

WYOMING

Candlewood Suites, Cheyenne
Hampton Inn, Cheyenne
Hitching Post Inn, Cheyenne
Holiday Inn, Cheyenne
Lariat Motel, Cheyenne
Alpenhof Hotel, Jackson Hole
Best Laramie Inn, Laramie
Proposed Americas Best Value Inn,
Wheatland

INTERNATIONAL

Proposed Hotel at Red Mountain Ski
Resort, Rossland, British Columbia
Four Seasons Hotel, Mexico City, Mexico
Radisson, Kitchener, Ontario
Radisson, London, Ontario
Radisson, Ottawa, Ontario
Holiday Inn Airport, Toronto, Ontario
Radisson East, Toronto, Ontario
Proposed Full-Service Hotel, Panama
City, Panama
Proposed Select-Service Hotel, Panama
City, Panama

Frenchman's Reef and MorningStar,
Marriott Beach Resorts, Charlotte
Amalie, St. Thomas, U.S. Virgin Islands
Proposed Hotel, University of Virgin
Islands, St. Thomas, U.S. Virgin
Islands
Proposed Hotel, St. John, U.S. Virgin
Islands
Proposed Sporting Complex, St. Croix,
U.S. Virgin Islands
Proposed Ski Resort Rosa Khuta, Sochi,
Russia

Horseshoe Valley Ski Resort, Barrie,
Ontario, Canada
Proposed Ski Resort Rosa Khuta, Sochi,
Russia
Proposed Ski Resort and Waterpark,
Leadville, CO
Sugarbush Mountain Ski Resort,
Sugarbush, VT

PORTFOLIO VALUATION

Portfolio of 4 Hotels – Full-Service
Resorts - California and Florida
Locations
Portfolio of 5 Hotels – Southwest Texas
Various Locations
Portfolio of 650 Extended-Stay Hotels,
Various Locations
Portfolio of 354 La Quinta Hotels,
Various Locations
Portfolio of 143 Tharaldson-Managed
Hotels, Various Locations
Portfolio of 100 White Lodging-
Managed Hotels, Various Locations
Portfolio of 64 Courtyard by Marriott
Hotels, Various Locations
Portfolio of 13 Suburban Lodge Hotels,
Various Locations
Portfolio of 50 Courtyard by Marriott
Hotels, Various Locations

SKI RESORTS

Mammoth Ski Resort, Mammoth Lakes,
CA
June Mountain Ski Resort, Mammoth
Lakes, CA
Steamboat Ski Resort, Steamboat
Springs, CO
Wolf Ridge Ski Resort, Mars Hill, NC
Winter Park Ski Resort, Winter Park, CO
The Canyons Ski Resort, Park City, UT

APPENDIX B

SUMMARY OF AMENDED AND RESTATED MASTER GLOSSARY OF TERMS

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SUMMARY OF AMENDED AND RESTATED MASTER GLOSSARY OF TERMS FOR DENVER CONVENTION CENTER HOTEL AUTHORITY CONVENTION CENTER HOTEL REVENUE BOND TRANSACTION

The following contains a summary of certain provisions contained in the Amended and Restated Glossary of Terms. Reference is made to the Amended and Restated Master Glossary of Terms for its complete listing of the terms therein.

DEFINITIONS

“*AAA*” means the American Arbitration Association.

“*Account*” or “*Accounts*” means any one or more of the accounts from time to time created in any of the Funds established by the Indenture or by any Supplemental Indenture.

“*Accountant*” means any nationally recognized certified public accountant or firm of certified public accountants or accounting corporation of recognized experience and qualifications selected by the Authority, and may be the Independent Accountant.

“*Accountant’s Certificate*” means a certificate or opinion signed by an Accountant.

“*Accreted Value*” means, with respect to any Bonds constituting Capital Appreciation Bonds, the original principal amount of such Bond, plus the interest accreted and compounded thereon from the Closing Date at the interest rate applicable thereto, assuming that the compounded interest increases in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months.

“*ACH System*” means the Federal Reserve Automated Clearing House System, or any other system which may replace such System.

“*Act*” means the Colorado Revised Nonprofit Corporation Act, Articles 121 through 137 of Title 7 of the Colorado Revised Statutes, as amended.

“*Additional Bonds*” means any additional Bonds issued by the Authority pursuant to Section 3.02 of the Indenture to refund any Bonds previously issued thereunder or to make renovations, betterments, improvements or expansions to the Project; provided that the Additional Bonds shall never constitute Series 2003A, Series 2006 Bonds or Series 2016 Bonds.

“*Administrative Expenses*” means the reasonable fees and expenses of the Authority, the Asset Manager and the Trustee (inclusive of the salaries and wages of the Authority’s executive and administrative personnel, but specifically excluding any legal judgments, settlements or similar resolutions of disputes reduced to a monetary amount against the Authority, unless such judgment, settlement or similar resolution of dispute arises out of the acts or omissions of the Manager), paid in accordance with the Indenture and directly relating to the Project and limited as provided in the applicable Operating Plan and Budget. Administrative Expenses shall be reasonable and shall be supported by documentation evidencing such expenses. The Authority and the Trustee have the right to engage legal counsel as each determines appropriate and the

fees and expenses of such legal counsel, as approved by the Authority or the Trustee, respectively, shall be deemed reasonable.

“Administrative Expense Fund” means the Convention Center Hotel Revenue Bond Administrative Expense Fund established pursuant to Section 5.02 of the Indenture.

“ADR Provider” means the alternative dispute resolution provider identified in accordance with the Management Agreement, or if the Management Agreement is not then in effect, JAMS or AAA or any other similar arbitration/mediation service mutually acceptable to the Authority and the Trustee.

“Affected Bonds” means (a) the Outstanding Senior Bonds while any Senior Bonds are Outstanding, and (b) the Outstanding Subordinate Bonds while any Subordinate Bonds are Outstanding and no Senior Bonds are Outstanding.

“Affiliate” means, with respect to Manager and the Authority as of the relevant date in question, any other Person directly or indirectly controlling, controlled by, or under common control with Manager or the Authority, as the case may be, and any Person directly or indirectly controlling, controlled by or under common control with such entities and, without limiting the generality of the foregoing, shall include (i) any Person which beneficially owns or holds 50% or more of any class of voting securities of such designated Person or 50% or more of the equity interest in such designated Person and (ii) any Person of which such designated Person beneficially owns or holds 50% or more of any class of voting securities or in which such designated Person beneficially owns or holds 50% or more of the equity interest. For greater clarity, the Parties acknowledge that the term control (including “controls,” “controlled by,” and “under common control with”) means the ability through ownership, direct or indirect, of voting stock or other equity interests, to direct or cause the direction of the management and policies of a person, partnership, corporation, limited liability company or other entity; provided, however, solely for purposes of any provision of the Management Agreement pertaining to contracts between Manager and any Manager Affiliate, an Affiliate of Manager shall be deemed to include any entity in which Manager owns (directly or indirectly) more than a 50% equity interest or otherwise participates in more than 50% of the profits or revenues of such entity (excluding such participation that represents management fees to Manager); and further provided, however, that for purposes of determining an Affiliate of Manager with respect to certain purchasing for the Hotel, the applicable percentage with respect to Manager shall be 25%. Under no circumstances shall the Trustee or any Registered Owner be deemed to be an Affiliate of the Authority.

“Aggregate Debt Service” means, for any Fiscal Year or other 12-month period, as of the date of calculation, the sum of the amounts of Debt Service for such Fiscal Year or other 12-month period.

“Allocable Chain Expense” shall mean the portion of Chain Expense attributable to the Hotel during the period of computation. Allocable Chain Expense shall be calculated by multiplying the aggregate amount of Chain Expenses incurred by Manager during the period in question by a fraction, the numerator of which shall be the number of guest room keys in the Hotel and the denominator of which shall be the weighted average number of guest room keys in the Hotel and all Other Hyatt Hotels operated by Manager and its Affiliates during the year of

which the period in question is a part. In calculating the fraction referred to in the preceding sentence:

- (i) If the Hotel is open in any Fiscal Year for less than the entire year, the numerator of the aforesaid fraction shall be adjusted by multiplying it by a fraction, the numerator of which shall be the number of months in the year during which the Hotel was open for business to the public, and the denominator of which shall be 12. For purposes of the foregoing, if the Opening Date occurs on or before the 15th of a month, it shall be deemed open for the entire month, but if the Opening Date occurs after the 15th day of a month, it shall not be deemed to have been open at any time during such month.
- (ii) In computing the denominator of the aforesaid fraction, the total weighted average number of rooms in the Hotel and all Other Hyatt Hotels during the relevant calendar year shall include only hotels open for business to the public, and, in the case of any hotels or resorts open for less than the entire year during such period, the number of such rooms included in the denominator shall, for each such hotel, be adjusted in the manner set forth in clause (i) above.

“Annual Independent Accounting” means certain statements provided by an independent accountant relating to the Hotel’s allocation of Chain Expenses in accordance with the Management Agreement.

“Applicable Laws” or *“Legal Requirements”* means (a) all laws, statutes, acts, ordinances, rules, regulations, permits, licenses, authorizations, directives, orders and requirements of all Governmental Authorities, that now or hereafter may be applicable to, as applicable, (i) the Project and the construction, maintenance, use and operation thereof, including those relating to employees, zoning, building, health, safety, Hazardous Materials, natural resources, and environmental matters, and accessibility of public facilities; (ii) Manager; (iii) Manager’s business operations; and/or (iv) the Authority; and (b) the requirements of all documents properly filed in the real property records against the Project.

“Approvals” means licenses, approvals, permits, authorizations, registrations and the like required by any governmental or regulatory organization or unit having jurisdiction over the Authority or the Project.

“Arbitrable Dispute” means any dispute, claim or issue arising under the Management Agreement with respect to (a) the proper inclusion or exclusion of items in Gross Operating Revenue, Gross Operating Profit or Net Operating Income, (b) the proper calculation of Centralized Services Fees and Charges and Reimbursable Expenses, (c) any dispute regarding the Operating Standard, (d) any disputes arising under the Management Agreement related to the budgeting process, and (e) any other matter as to which the Management Agreement expressly provides for dispute resolution by arbitration. Notwithstanding the foregoing or any other provision of the Management Agreement, there shall be excluded from Arbitrable Disputes claims and disputes which (i) relate to preserving or protecting Manager’s proprietary rights in the proprietary information described in the Management Agreement, (ii) are for extraordinary relief such as injunction or eviction, and (iii) either Manager or the Authority asserts against the

other in any action brought by a third party and in which Manager and/or the Authority are named or joined defendants (including counter-defendants and third-party defendants).

“Arbitration Request” means a written notice of requirement for arbitration initiated by either the Manager, the Authority or the Trustee delivered to the others.

“Art Ordinance” shall mean Sections 20-85 through 20-89 of the Denver Revised Municipal Code.

“Asbestos” means any asbestos or material containing asbestos.

“Asset Manager” means a Person with hospitality management experience of at least five years (including at least three years asset management experience in a hotel similar in size and quality to the Hotel with a similar type of market as the Hotel) selected by the Authority pursuant to Section 7.25(f) of the Indenture, with notice to the Trustee and the Manager of such selection.

“Assignment Agreements” means, collectively, the Hotel Assignment Agreement and any other assignment agreements in favor of the Trustee with respect to the Project.

“Authenticating Agent” means initially the Trustee and any successor thereto.

“Authority” or *“Owner”* means the Denver Convention Center Hotel Authority, a Colorado nonprofit corporation, and its successors.

“Authority Board” means the board of directors of the Authority, or any successor in function.

“Authority Fund” means the Convention Center Hotel Revenue Bond Authority Fund established pursuant to Section 5.02 of the Indenture.

“Authority’s Negligent or Willful Act” means any (a) acts or omissions constituting fraud, negligence, or willful misconduct on the part of the Authority or its Affiliates, their officers, directors, employees, agents or assigns; or (b) criminal violation of law by the Authority, the Authority’s Affiliates or permitted assignees under the Management Agreement or any of their respective officers, directors or employees.

“Authorized Authority Representative” means (a) the President of the Authority; (b) any Vice President of the Authority; or (c) any other officer or employee of the Authority authorized by resolution of the Authority Board to act as an Authorized Authority Representative under the Indenture or any Supplemental Indenture or otherwise with respect to the Bonds or the Project, which Person shall be acting solely in its representative capacity on behalf of the Authority and not individually.

“Authorized Denominations” means, with respect to the Series 2003A Bonds, the Series 2006 Bonds and the Series 2016 Bonds, \$5,000 principal amount and integral multiples thereof, and with respect to all other Bonds, as provided in a Supplemental Indenture.

“Authorized Officer” means with respect to a Person, if the Person is not an individual, any vice president, director or more senior officer (if a corporation or financial institution), any

trustee (if a trust), any manager (if a limited liability company), or any general partner or joint venturer of the Person (if a partnership or joint venture) who shall be duly authorized to execute documents.

“Available Casualty/Condemnation Amounts” means the amounts available to the Authority to repair or replace the property damaged, destroyed or taken as set forth in the Management Agreement.

“Available Revenue Fund” or *“Hotel Available Revenue Fund”* means the Convention Center Hotel Revenue Bond Available Revenue Fund established by Section 5.02 of the Indenture.

“Available Revenues” means, for a period of time, (a) Gross Operating Revenues determined on a cash basis for such period of time, plus any portion of the Operating Costs Set-Aside Amount remaining in the Lockbox Fund during such period of time, and less (i) Operating Expenses determined on a cash basis for such period of time, (ii) the Operating Costs Set-Aside Amount, (iii) repayments of any Short Term Indebtedness, and (iv) all other amounts payable by Manager from the Lockbox Fund in accordance with the Management Agreement or the Cash Management Agreement, plus (b) amounts paid by the City pursuant to the Economic Development Agreement.

“Average Competitive REVPAR” means, with respect to any Operating Year, the average REVPAR of the hotels constituting the Competitive Set, as calculated by Smith Travel Research, Inc. or, if Smith Travel Research, Inc. does not calculate such REVPAR for any such hotels within the Competitive Set, then with respect to any such hotel as calculated by such other reputable independent third party market research firm as may be mutually approved by Manager and the Authority, or if there is no such independent third party market research firm, then as calculated by the Asset Manager; provided however, that if the Manager disputes the calculation by the Asset Manager, then as calculated by a Hotel Consultant.

“Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as amended, (11 U.S.C. Section 101, et seq.).

“Base Management Fee” means the portion of the Management Fee designated as the Base Management Fee in the Management Agreement which is calculated as a percentage of Gross Operating Revenues.

“Beneficial Owner” means any Person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including Persons holding Bonds through nominees, depositories or other intermediaries).

“Bond Counsel” means one or more firms of attorneys, selected by the Authority and acceptable to the Trustee, whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized.

“Bond Documents” means the Indenture, the Assignment Agreements, the Cash Management Agreement, the Deed of Trust and any other agreement relating to the Bonds.

“*Bond*” or “*Bonds*” means the Series 2003A Bonds, the Series 2006 Bonds, the Series 2016 Bonds and any Additional Bonds and Refunding Bonds of the Authority, authenticated and delivered under and pursuant to the Indenture or under any Supplemental Indenture.

“*Bond Resolution*” means the resolution adopted by the Authority Board authorizing the issuance of \$ _____ in aggregate principal amount of its revenue bonds designated “Denver Convention Center Hotel Authority Convention Center Hotel Senior Revenue Refunding Bonds, Series 2016.”

“*Bond Year*” means, for each Series of Bonds, the Bond Year as set forth in the Tax Certificate delivered by the Authority in connection with such Series of Bonds.

“*Bondholder*” or “*Registered Owner*” means the person in whose name any of the Bonds are registered on the books kept and maintained by the Trustee as bond registrar.

“*Budget*” means the Operating Plan and Budget and the Capital Budget for the applicable Operating Year.

“*Building*” shall mean the building constructed on the Land, which includes, without limitation, the Systems, the Garage, and the FF&E.

“*Business Day*” means a day that is not a Saturday, Sunday or legal holiday on which banking institutions in the States of Colorado or New York are authorized or required by law or executive order to remain closed or the New York Stock Exchange or DTC is closed.

“*Business Interruption Insurance*” means insurance coverage against “*Business Interruption and Extra Expense*” (as that phrase is used within the United States insurance industry for application to transient lodging facilities).

“*Business Interruption Proceeds*” means any proceeds of business interruption insurance maintained pursuant to the Management Agreement.

“*Capital Appreciation Bonds*” means any Bonds the terms of which require interest to continue to accrete on such Bonds instead of paying current interest.

“*Capital Budget*” means the approved annual plan and budget setting forth all approved Capital Improvements and Capital Expenses for the Project for the relevant Operating Year, prepared in accordance with the terms of the Management Agreement.

“*Capital Expense*” means any item of expense that, according to Generally Accepted Accounting Principles, is not properly deducted as a current expense on the books of the Project, but rather should be capitalized.

“*Capital Improvement*” means an item of any nature incorporated into the Project, the cost of which is a Capital Expense.

“*Capitalized Interest Account*” means any Fund or Account created under the Indenture and designated as a Capitalized Interest Account.

“*Cash Flow Deficit*” means, at any point in time, an insufficiency of amounts on deposit in the Lockbox Fund to pay Operating Expenses when due.

“*Cash Management Agreement*” means the Cash Management and Lockbox Agreement entered into by and among the Authority, the Trustee, the Depository Bank and the Manager prior to the Opening Date for the Hotel, or any other agreement with substantially the same terms and conditions with a replacement Depository Bank, as amended or supplemented from time to time.

“*Cash Trap Funds*” means, collectively, the Primary Cash Trap Fund and the Secondary Cash Trap Fund.

“*Casualty*” means, for the purposes of the Management Agreement, the damage or destruction of the Project at any time or times during the Operating Term by fire or other casualty.

“*Casualty Proceeds*” means, for the purposes of the Management Agreement, the proceeds (excluding Business Interruption Proceeds) paid under any casualty and property insurance policy maintained by the Manager or the Authority with respect to the Project, in accordance with the terms of the Management Agreement, as a result of damage to or destruction of the Project arising as a result of a fire or other casualty.

“*Casualty Restoration*” means the obligation of the Authority to repair or rebuild the Project after the occurrence of damage or destruction of the Project in accordance with the Management Agreement.

“*Cede & Co.*” means the nominee of the DTC.

“*Certificate*,” “*Statement*,” “*Request*,” “*Requisition*” or “*Order of the Authority*” means a written certificate, statement, request, requisition or order signed in the name of the Authority by an Authorized Authority Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“*Certificate of Reduction in Debt Service*” means a certificate signed by an Authorized Authority Representative to the effect that the Debt Service in each Fiscal Year on the Bonds to be Outstanding immediately after the issuance of the Series of Refunding Bonds to which such certificate relates is not greater than the Debt Service on the Bonds Outstanding immediately prior to the issuance of such Series of Refunding Bonds.

“*Certified Financial Statements*” means audited financial statements consisting of a balance sheet, a statement of earnings and retained earnings, and a statement of cash flows and a certificate of the Independent Accountant to the effect that, subject to any qualifications contained therein, the financial statements fairly present, in conformity with Generally Accepted Accounting Principles, the financial position, results of operations, and cash flows of the Project for the Operating Year then ended.

“Certified Hotel Statements” means Certified Financial Statements relating to the Hotel excluding, however, (i) fixed asset accounts; (ii) the Bonds and any accrued interest thereon; (iii) Administrative Expenses including, without limitation, the fees and costs of the Asset Manager; and (iv) any other costs or expenses, assets or liabilities, of the Authority which are not part of Manager’s operational obligation and not accounted for as part of Hotel operations.

“Chain Expenses” means all costs actually incurred during such period by Manager or by any of its Affiliates in respect of Chain Services other than the costs of operational departmental supervision and control services. Chain Expense shall include the direct costs of providing Chain Services including any costs or expenses payable to third party vendors or employees (including support personnel) directly engaged in the rendition of Chain Services, occupancy costs, costs of equipment leases and capital improvements and allocation of related carrying costs. In any case in which employees of Manager or any Manager Affiliate devote less than all of their time to the rendition of Chain Services, employee costs shall be allocated in a reasonable manner determined in good faith by Manager to reflect the portion of time devoted by such employees to Chain Services. Other shared costs such as occupancy costs, utilities, and the like relating only partially to Chain Services shall likewise be allocated by Manager to Chain Expense on a fair and reasonable basis as determined in good faith by Manager so as to reflect, as nearly as reasonably possible, the portion of such costs fairly and reasonably attributable to the rendition of Chain Services. Any such allocation of shared personnel or other costs made by Manager in good faith and with the intention of fairly allocating such costs, shall be binding on the parties hereto. Chain Expense shall include only the actual amounts thereof incurred by Manager, and shall not be subject to any mark up, premium or profit; provided, however, Manager or any Manager Affiliate may provide services included within one or more of the services comprising Chain Services and the cost of which are included in Chain Expense to any third party or hotel not operated under a “Hyatt” name and may charge and receive a fee therefor, but any amounts received by Hyatt in connection therewith (including any profit element) will be offset against Chain Expense. Any rebates, commissions or discounts received by Manager from vendors or service providers whose costs are included as part of Chain Expense, shall be offset against Chain Expense. There shall likewise be credited against Chain Expense any amounts which Manager or any of its Affiliates shall be entitled to be paid in respect of Chain Services furnished during such period to hotels or resorts (i) which are situated outside the United States, Canada or the Caribbean, or (ii) which are situated within the United States, Canada and the Caribbean, but, because they are not (or have not throughout the period in question been) opened to the public (for the reason that they are under construction, material renovation or remodeling or are otherwise being prepared for operation), are not fully included in the denominator of the fraction referred to in the definition of Allocable Chain Expense.

“Chain Services” means the following group benefits and services generally made available by Manager, or an Affiliate of Manager, from time to time during the Term to Other Hyatt Hotels: (i) convention, business and sales promotion services (including the maintenance and staffing of Manager’s home office sales force, national sales forces and regional sales offices located in various parts of the United States and the world), (ii) chain-wide advertising, publicity and public relations services, (iii) centralized reservations services currently located in Omaha, Nebraska, and (iv) operational departmental supervision and control services for, among others, food and beverage, rooms, accounting, engineering and human resources departments.

“City” or “Denver” means the City and County of Denver, Colorado, a municipal corporation.

“City Reimbursement Amount” means an amount equal to the Economic Development Payments made under the Economic Development Agreement after the Closing Date of the Series 2016 Bonds less the amount paid to the City from the Excess Revenue Fund after such Closing Date.

“City Repayment Fund” means the Convention Center Hotel Revenue Bond City Repayment Fund established by Section 5.02 of the Indenture, together with the Accounts established therein.

“Claims” (a) with respect to the Management Agreement, means any and all claims, demands, actions, causes of action, enforcement proceedings, penalties, suits, liabilities, judgments, damages, losses, counterclaims, executors, liens, debts, costs and expenses, including reasonable attorneys’ fees, which manager or its Affiliates, officers, directors, employees and agents may have related to the Project.

“Clearing Bank Accounts” means the accounts, bearing the name of the Trustee so long as the Indenture is in effect and otherwise bearing the name of the Authority, at a bank or banks selected by the Authority, for the purpose of depositing all Gross Operating Revenues, Excluded Taxes and Other Charges and Pass Through Costs, whether from the Manager, from credit card companies, or anyone, each of which shall be given instructions to make deposits in the Clearing Bank Accounts pursuant to the Cash Management Agreement.

“Closing Date” means, with respect to the Series 2003A Bonds, June 25, 2003, with respect to the Series 2006 Bonds, May 2, 2006, with respect to the Series 2016 Bonds, November __, 2016, and with respect to any Additional Bonds or Refunding Bonds hereafter issued under the Indenture, the date set forth in the Supplemental Indenture authorizing the issuance thereof.

“Code” means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations proposed or in effect with respect thereto.

“Collateral” has the meaning assigned to such term in the Deed of Trust.

“Competitive Set” means, from time to time during the Operating Term, at least four hotels in the Hotel’s immediate market area that are most comparable to the Hotel in quality, price and market and for which consistent data is available from Smith Travel Research, Inc., or such other reputable independent third party market research firm as may be mutually approved by the Authority and the Manager (with due consideration given to age, quality, size, amenities, amount of meeting space, and business mix). All determinations as to which hotels are to be included in the Competitive Set shall be made by the mutual agreement of the Authority and the Manager and if possible shall all be Upscale Hotels, or, if the parties are unable to reach agreement, as determined by an independent nationally recognized hospitality industry consultant that is mutually acceptable to the Authority and the Manager and otherwise qualified to be a Hotel Consultant. As of the Closing Date for the Series 2016 Bonds, the Competitive Set shall be made up of the following hotels in Denver, Colorado: Crowne Plaza Denver, Sheraton Hotel Denver, Westin Denver Downtown, Marriott Denver City Center, Doubletree The Curtis, Magnolia Hotel Denver and Embassy Suites Denver Downtown Convention Center. In addition,

during the annual budgeting process every five Operating Years, commencing with the annual budgeting process for the Sixth Operating Year, the Manager and the Authority will, for the next five Operating Years, agree upon any changes in the Competitive Set which would more properly reflect first class convention oriented hotels, as Upscale Hotels.

“*Condemnation Proceeds*” means, for the purposes of the Management Agreement, the proceeds payable in respect of any Taking of all or a portion of the Project.

“*Consultant*” means for purposes of the Authority, any Person at the time employed by or on behalf of the Authority (or, to the extent specifically provided in the Indenture or in any Supplemental Indenture, by or on behalf of the Trustee) for the benefit of the Registered Owners to carry out the duties imposed by or pursuant to the Indenture or a Supplemental Indenture, which Person shall be experienced, have a national and favorable reputation in the matters for which such Person is so employed, and be independent of the Authority, the Manager and the City.

“*Consultant’s Certificate*” means a certificate or opinion signed by a Consultant.

“*Continuing Disclosure Undertaking*” means that certain Continuing Disclosure Undertaking, dated as of November 1, 2016 by the Authority while the Series 2016 Bonds are Outstanding, and each subsequent Continuing Disclosure Undertaking executed by the Authority in connection with each issuance of Additional Bonds while such Additional Bonds are Outstanding.

“*Contracts*” means, with respect to the Management Agreement, all contracts, agreements and licenses entered into by the Manager for or on behalf of the Authority.

“*Contractual Obligation*” as applied to any Person, means any indenture, mortgage, deed of trust, contract, undertaking, agreement or other instrument to which that Person is a party or by which it or any of its properties is bound or to which it or any of its properties is subject including, without limitation, the Transaction Documents.

“*Controlling Party*” means (a) while any Senior Bonds are Outstanding, the Registered Owners of one-third in aggregate principal amount of the Senior Bonds then Outstanding; and (b) while any Subordinate Bonds are Outstanding and no Senior Bonds are Outstanding, the Registered Owners of one-third in aggregate principal amount of the Subordinate Bonds then Outstanding.

“*Convention Center*” means the Colorado Convention Center located across the street from the Site, together with additions and modifications thereto.

“*Convention Center Operator*” means the City or any convention center management company designated by the City to operate the Convention Center.

“*Convention Center Representatives*” means, collectively, the Convention Center Operator and the Denver Metro Convention & Visitors’ Bureau.

“*Coordinated Marketing Services*” means the joint marketing programs on behalf of the Hotel together with one or more Other Hyatt Hotels.

“Corporate Personnel” means any personnel from the corporate or regional offices of Manager and its Affiliates or who are otherwise area supervisors for Manager who perform activities in connection with the services provided by Manager under the Management Agreement.

“Costs” or *“Costs of the Project”* means all costs and expenses of acquisition, planning, design, development, supervision, construction, furnishing, opening and equipping of the Project, and obtaining governmental approvals, certificates, Permits and licenses with respect thereto, heretofore and hereafter paid or incurred by the Authority. Such Costs of the Project shall include, without limitation, those set forth in the Supplemental Indenture authorizing Additional Bonds to be issued thereunder.

“Costs of Issuance” means the items of expense relating to the authorization, sale and issuance of Bonds, which items of expense may include, without limitation: travel expenses; printing costs; costs of reproducing documents; computer fees and expenses; filing and recording fees; initial fees and charges of the Trustee, any Consultant, the Registrar, any paying agent, and other Fiduciaries; initial fees and charges of banks, insurers or other parties pursuant to guarantees or bond insurance policies; bond discounts; legal fees and charges; consulting fees and charges; auditing fees and expense; financial advisor’s fees and charges; costs of credit ratings; insurance premiums; fees and charges for the execution, transportation and safekeeping of Bonds; and any other administrative or other costs of issuing, carrying and repaying such Bonds and investing any Bond proceeds.

“Costs of Issuance Fund” means the Fund by that name established and designated as such by Section 5.02 of the Indenture, together with any Accounts established therein.

“Debt Service” means, as of any date of calculation, with respect to any particular period and with respect to all Bonds, all Bonds of any Series or any portion thereof as the context requires, an amount equal to the sum of (a) interest accruing during such period on such Outstanding Bonds and not accounted for with amounts on deposit in a Capitalized Interest Account held by the Trustee for such Bonds and (b) that portion of each principal payment and Sinking Fund Installment for such Outstanding Bonds which would accrue during such period if each such principal payment and Sinking Fund Installment for such Bonds were deemed to accrue daily in equal amounts from the next preceding date on which the principal of or a Sinking Fund Installment for such Bonds is payable (or, if there shall be no such preceding date, from a date one year preceding the due date of such principal payment or Sinking Fund Installment or from the date of issuance of the such Bonds, whichever date is later). Such interest, principal and Sinking Fund Installment payments for the Outstanding Bonds shall be calculated on the assumption that no Bonds Outstanding at the date of calculation shall cease to be Outstanding except by reason of the payment of principal and Sinking Fund Installments on the due dates thereof and on the basis of the actual number of days within the relevant period.

“Debt Service Coverage Ratio for the Senior Bonds and Subordinate Bonds” means, with respect to the Senior Bonds, a fraction calculated by dividing the sum of Net Operating Income plus Economic Development Payments for a particular period of time by the Debt Service for the Outstanding Senior Bonds for the same period of time and, with respect to the Subordinate Bonds, a fraction calculated by dividing the Net Revenues Available for Subordinate Bonds for a

particular period of time by the Debt Service for the Outstanding Subordinate Bonds for the same particular period of time.

“*Debt Service Coverage Requirement*” means a Senior Debt Service Coverage Ratio which is not less than 1.40:1.00.

“*Debt Service Fund*” means the Convention Center Hotel Revenue Bond Debt Service Fund established by Section 5.02 of the Indenture, together with the Accounts established therein.

“*Deed of Trust*” means the Amended and Restated Deed of Trust and Security Agreement, Assignment of Rents and Leases with respect to the Project, dated as of November 1, 2016, executed by the Authority, as trustor, in favor of the Trustee on behalf of the Registered Owners, as amended and supplemented from time to time.

“*Default Rate*” shall mean an annual rate of interest of eight and one-half percent (8.50%).

“*Defeasance Investment Securities*” means:

(a) cash (insured at all times by Federal Deposit Insurance Corporation (“FDIC”));

(b) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – (SLGs));

(c) Direct obligations of the U.S. Treasury, including such obligations which have been stripped by the U.S. Treasury itself;

(d) Resolution Funding Corp. (“REFCORP”) (only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable);

(e) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P (if, however, the issue is only rated by S&P (i.e., there is no Moody’s rating) then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or “AAA” rated pre-refunded municipals to satisfy this condition); and

(f) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:

a. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership

b. Farmers Home Administration (FmHA)

- c. Federal Financing Bank
- d. General Services Administration
Participation Certificates
- e. U.S. Maritime Administration
Guaranteed Title XI financing
- f. U.S. Department of Housing and Urban Development
(HUD)
Project Notes
Local Authority Bonds
New Communities Debentures – U.S. government
guaranteed
debentures
U.S. Public Housing Notes and Bonds – U.S. government
guaranteed public housing notes and bonds.

“*Depository*” means initially DTC, or any other securities depository selected as set forth in Section 3.13 of the Indenture with respect to the Series 2016 Bonds.

“*Depository Bank*” means Colorado Business Bank, or such other banking institution or institutions as the Authority shall from time to time designate, in writing to the Trustee, at which the account or accounts shall be established and maintained with respect to the Lockbox Fund pursuant to the Cash Management Agreement.

“*Disability Acts*” means the provisions of the Americans With Disabilities Act of 1990, 42 U.S.C. §§12101-12213 and all regulations and interpretations issued thereunder and all amendments thereto.

“*Dollars*” and “\$” means the lawful money of the United States of America.

“*DTC*” means The Depository Trust Company, or any successor securities depository thereto.

“*Economic Development Agreement*” means the Economic Development Agreement, dated as of June 1, 2003, between the Authority and the City, as amended and supplemented pursuant to the terms thereof, including the First Amendment to Economic Development Agreement, dated as of June 1, 2003, between the Authority and the City.

“*Economic Development Payments*” means the payments payable by the City pursuant to the Economic Development Agreement, which constitute the payments payable by the City for and in consideration of the economic development benefits received by the City from the construction and operation of the Hotel.

“*Effective Date*” means the applicable Closing Date.

“*Emergency*” means a situation imminently threatening life, health, safety or compliance with Legal Requirements.

“Emergency Expenses” means the expenses incurred to remove the existence of an Emergency.

“Environmental Claims” means Claims (including, without limitation, claims for equitable relief), liabilities (whether based on strict liability or otherwise), investigations, litigation, administrative proceedings, whether pending or to the knowledge of the Authority, threatened, or judgments, orders or anticipated damages in law relating to any Hazardous Materials or any matter regulated by any Environmental Law.

“Environmental Law” means any Applicable Laws or other legally binding obligations affecting the Project that relate to chemicals, wastes, petroleum products, or any other Hazardous Materials, pollution, the environment, natural resources, industrial hygiene or to any other environmental or unsafe conditions including, but not limited to, those relating to the generation, manufacture, storage, handling, transportation, disposal, release, recycling, reclamation, treatment, emission or discharge of Hazardous Materials and/or Asbestos, those relating to any construction activities, fuel supply, power generation and transmission, waste disposal or any other operations or processes involving Hazardous Materials or potentially affecting any environmental medium, and those relating to the atmosphere, soil, surface and ground water, wetlands, stream sediments, vegetation, flora, and/or fauna. “Environmental Laws” also shall include, but not be limited to, the Resource Conservation and Recovery Act of 1976, the Hazardous and Solid Waste Amendments of 1984, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Emergency Planning and Community Right-to-Know Act of 1986, the Hazardous Materials Transportation Act, the Solid Waste Disposal Act, the Federal Water Pollution Control Act, the Clean Water Act, the Clean Air Act, the Toxic Substances Control Act, the Safe Drinking Water Act, the Endangered Species Act, and the Occupational Safety and Health Act, (all as amended), any Colorado counterparts thereto, and all similar federal, state and local environmental statutes, ordinances and the regulations, orders, and decrees now or hereafter promulgated thereunder.

“Environmental Site Assessments” means any assessments, audits, investigations, testing, sampling, analysis and similar procedures conducted on the Property for the purpose of assessing potential liabilities under any Environmental Laws and/or identifying Hazardous Materials.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time (and any successor statute), and the regulations promulgated and rulings issued thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) which together with the Authority would be deemed to be a single employer, within the meaning of Section 4001(b)(1) of ERISA or subsections (b), (c), (m) or (o) of Section 414 of the Code.

“ERISA Event” means (a)(i) the occurrence of a Reportable Event or (ii) the requirements of paragraph (1) of Section 4043(b) of ERISA are met with respect to the Authority or an ERISA Affiliate that is a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Title IV Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such plan within the following thirty (30) days; (b) the filing of an application for a minimum funding waiver with respect to a Title IV Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such

Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of the Authority or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by the Authority or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the withdrawal by the Authority or any ERISA Affiliate from a Multiemployer Plan; (g) the conditions for the imposition of a lien under Section 302(f) of ERISA shall have been met with respect to any Title IV Plan; (h) the adoption of an amendment to a Title IV Plan requiring the provision of security to such plan pursuant to Section 307 of ERISA; or (i) the institution by the PBGC of proceedings to terminate a Title IV Plan or the appointment of a trustee to administer a Title IV Plan pursuant to Section 4042 of ERISA, or any other event or condition that might constitute grounds under Section 4092 of ERISA for the termination of, or the appointment of a trustee to administer, any Title IV Plan.

“Event of Bankruptcy” means with respect to any Person (a) the filing of a petition by or against such Person under the Bankruptcy Code or the commencement of any other bankruptcy, insolvency, reorganization, readjustment of debt or similar proceeding by or against such Person under the laws of the United States or any state; (b) the filing of any petition, or the commencement of any case or proceeding, by or against such Person for the purpose of winding up its affairs or the liquidation of all or any part of its assets or seeking the appointment of a receiver, liquidator, trustee, conservator, custodian or other similar official for it or all or any part of its assets; (c) the making by such Person of a general assignment for the benefit of its creditors; or (d) such Person’s general failure or inability to, or its written admission that it cannot, pay its debts as they become due.

“Event of Default” as to any Transaction Document, has the meaning assigned to such term in such Transaction Document.

“Event Room Block” shall have the meaning assigned to such term in the Room Block Agreement.

“Excess Revenue Fund” means the Convention Center Hotel Revenue Bond Excess Revenue Fund established by Section 5.02 of the Indenture.

“Excluded Taxes and Other Charges” means any (a) Gross Receipts Taxes; (b) withholding tax or other employment related taxes; (c) wage, child support or spousal support garnishments; or (d) unclaimed property or wages.

“Excluded Taxes and Pass Through Costs Fund” means the fund by that name required to be maintained pursuant to Section 5.04 of the Indenture and established pursuant to the Cash Management Agreement which is available to be drawn upon by Manager for the payment of Excluded Taxes and Other Charges and Pass Through Costs.

“Executive Committee” means the committee of employees located at the Hotel with the following designated titles, together with any additional employees designated by the Manager in writing to the Authority as comprising a part of the Executive Committee: General Manager, Controller, Director of Sales, Rooms Director, Human Resources Director, Director of

Engineering, Resident Manager, Director of Catering, Director of Convention Services, Food and Beverage Director and Executive Chef.

“Executive Committee Personnel” means persons employed by Manager as members of the Executive Committee.

“FF&E” means all items of furniture, furnishing, fixtures, equipment and other personal property (including, without limitation, all equipment, hardware, wiring connections, software and other property necessary to operate computers) used or held for use in storage in the ordinary course of operating the Project, the cost of which is ordinarily a Capital Expense, but a portion of which may be currently expensed such as smaller items thereof, or expenditures which are ancillary thereto but that are properly chargeable as an Operating Expense to Property Operations and Maintenance under the most recently issued edition, as of the Closing Date, of the Uniform System of Accounts for Hotels.

“Fiduciary” or *“Fiduciaries”* means the Trustee, the Registrar, any paying agent, and any escrow, authentication or other agent of the Authority or of any other Fiduciary, or any or all of them, as the context may require.

“Financial Guaranty” means one or more of the following which may be delivered to the Trustee pursuant to Section 5.08 of the Indenture: (i) an irrevocable, unconditional and unexpired letter or letters by a banking institution the senior long-term debt obligations of which (or the holding company of any such banking institution) are rated (at the time of issue of such letter of credit and at all times thereafter that such letter of credit is deposited in the Senior Debt Service Reserve Fund) in the top two Rating Categories by both Moody’s and S&P; or (ii) an irrevocable and unconditional policy or policies of insurance in full force and effect issued by a municipal bond insurer the obligations insured by which (at the time of issuance such insurance policy and at all times thereafter that such insurance policy is deposited in the Senior Debt Service Reserve Fund) are eligible for a rating in the top two Rating Categories by both Moody’s and S&P; in each case providing for the payment thereunder of sums for the payment of principal or Redemption Price of, and interest on, the Senior Bonds are required by the Indenture.

“Fiscal Year” means the fiscal year of the Authority, currently the 12-month period ending December 31.

“Fitch” means Fitch Ratings, Inc., its successors and assigns, and if Fitch Ratings, Inc., shall no longer perform the functions of a securities rating agency, *“Fitch”* shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

“Force Majeure Event” (a) for purposes of the Management Agreement, means a fire, storm, earthquake, flood, natural disaster, and other casualty events; terrorist attacks; war; performance of approved Capital Improvements adversely affecting a material portion of the income generating areas of the Hotel which is the direct cause of the delay of performance; strikes that are not directly related to acts or labor relations of Manager or its Affiliates; riots or other civil unrest; acts of government agencies including any Takings; or a combination of any of the foregoing or any other similar event beyond a party’s reasonable control in each case that materially adversely affects the ability of a party to perform, but not in any event market or

economic conditions; and (b) for all other purposes means fire, storm, tornado, earthquake, flood or other natural disaster; strikes that are not directly related to acts or labor relations of the Manager or its Affiliates; riots or other civil unrest; acts of terrorism; acts or failures to act of government agencies (which shall not include a revocation, lapse, non-renewal, non-issuance, non-reissuance or other failure of a certificate of occupancy); or a combination of any of the foregoing or any other similar event beyond a party's reasonable control in each case that materially adversely affects the ability of a party to perform.

"Foreclosure Event" means a foreclosure, deed in lieu of foreclosure or the exercise or waiver of exercise of any other remedy under the Indenture or other Bond Documents.

"Foreclosure Purchaser" means a purchaser of the Project pursuant to a sale conducted pursuant to the Deed of Trust or any other mortgage or deed of trust affecting the Project.

"Fund" or *"Funds"* means any one or more, as the case may be, of the separate special funds established by the Indenture or by any Supplemental Indenture.

"GAAP" or *"Generally Accepted Accounting Principles"* means those conventions, rules, procedures and practices, consistently applied, affecting all aspects of recording and reporting financial transactions which are generally accepted by major independent accounting firms in the United States. If the Authority and the Manager cannot agree on what constitutes Generally Accepted Accounting Principles, then the accounting firm then or most recently engaged to prepare the Certified Financial Statements for the Project in accordance with the Management Agreement shall make the determination on the request of either Party, unless such accounting firm is also the auditing firm for the Manager, in which case a different nationally recognized accounting firm shall make such determination.

"Garage" means that portion of the Building designated for parking of approved motor vehicles and entries, exits, ramps and control devices.

"Generally Accepted Accounting Principles" or *"GAAP"* means those conventions, rules, procedures, and practices, consistently applied, affecting all aspects of recording and reporting financial transactions which are generally accepted by major independent accounting firms in the United States. If the Authority and the Manager cannot agree on what constitutes Generally Accepted Accounting Principles, then the accounting firm then or most recently engaged to prepare the Certified Financial Statements for the Project in accordance with the Management Agreement shall make the determination on the request of either Party, unless such accounting firm is also the auditing firm for the Manager, in which case a different nationally recognized accounting firm shall make such determination.

"Glossary" or *"Master Glossary"* means the Amended and Restated Master Glossary of Terms for Denver Convention Center Hotel Authority Convention Center Hotel Revenue Bond Transaction, dated as of November 1, 2016.

"GOP Performance Standard" means GOP is equal to 32% or more of net revenues (as the term "net revenues" is defined under the 9th Edition of Uniform System of Accounts) for the applicable Operating Year if the average occupancy rate for hotels within the Competitive Set is at least 68% for such Operating Year, and if the average occupancy rate for hotels within the Competitive Set is less than 68% for an Operating Year, then such term means GOP is equal to

at least the percentage of net revenues (as the term “net revenues” is defined under the 9th Edition of Uniform System of Accounts) for the applicable Operating Year set forth under the column GOP% below if the average occupancy rate for hotels within the Competitive Set is within the percentage range for such Operating Year as set forth below under the column Average Occupancy Rate:

Average Occupancy Rate		GOP%
at least	but less than	
67.5%	68.0%	31.5%
67.0	67.5	31.0
66.5	67.0	30.5
66.0	66.5	30.0
65.5	66.0	29.5
65.0	65.5	29.0
64.5	65.0	28.5
64.0	64.5	28.0
63.5	64.0	27.5
63.0	63.5	27.0
62.5	63.0	26.5
62.0	62.5	26.0
61.5	62.0	25.5
0	61.5	25.0

“*Governmental Authority*” means any agency, authority, board, branch, division, department or similar unit of any federal, state, county, city, town, village, district, court or other governmental entity having jurisdiction over or validly imposing requirements on the Owner or the Project.

“*Gross Operating Profit*” or “*GOP*” means for any period of time, income after undistributed operating expenses (as calculated in accordance with the 9th Edition of the Uniform System of Accounts) less Base Management Fees. In calculating GOP, no deduction shall be made for Administrative Expenses, for fees or expenses of Asset Manager or Hotel Consultant, or for any other expenses incurred solely by the Authority which are not directly related to the operation of the Project.

“*Gross Operating Revenue*” or “*GOR*” means all revenue and income of any kind derived directly or indirectly from operations at the Project, whether or not arranged by, for or on behalf of another Person or at another location, properly attributable to the period under consideration (including rentals or other payments from licensees, lessees or concessionaires of retail space in the Project, but not gross receipts of such licensees, lessees, or concessionaires), determined in accordance with Generally Accepted Accounting Principles and the 9th Edition of the Uniform System of Accounts (except that in determining the amount deposited into the Lockbox Fund, such determination shall be made on a cash basis), except that the following shall not be included in determining Gross Operating Revenue:

- (a) Excluded Taxes and Other Charges and Pass Through Costs (to the extent not already deducted from Gross Operating Revenues);

(b) receipts from the financing, sale or other disposition of capital assets and other items not in the ordinary course of the Project's operations and income derived from securities and other property acquired and held for investment;

(c) receipts from awards or sales in connection with any Taking, from other transfers in lieu of and under the threat of any Taking, and other receipts in connection with any Taking, but only to the extent that such amounts are specifically identified as compensation for alterations or physical damage to the Project;

(d) proceeds of any insurance, including the proceeds of any Business Interruption Insurance;

(e) rebates, discounts, or credits or a similar nature (not including charge or credit card discounts, which shall not constitute a deduction from revenues in determining Gross Operating Revenues, but shall constitute an Operating Expense);

(f) consideration received at the Hotel for hotel accommodations, goods and services to be provided at other hotels although arranged by, for or on behalf of, Manager;

(g) notwithstanding any contrary requirements of Generally Accepted Accounting Principles, all gratuities collected (or to be collected) for the benefit of and paid to Hotel Personnel (to the extent not already deducted from Gross Operating Revenues);

(h) proceeds of any Bonds, Short Term Indebtedness or other financing undertaken by the Authority;

(i) the initial operating funds and working capital loans and any other funds provided by the Authority to the Manager whether for Operating Expenses or otherwise;

(j) other income or proceeds derived from operations outside of the Project and resulting other than from the use or occupancy of the Project, or any part thereof, or other than from the sale of goods, services or other items sold on or provided from the Project in the ordinary course of business;

(k) interest earned on funds held in any Account;

(l) the value of any complimentary rooms, goods or services;

(m) refunds to Hotel guests of any sums or credits to any Hotel customers for lost or damaged items; and

(n) refunds to parking customers of any sums or credits to any parking customers for lost or damaged items.

"Gross Receipts Taxes" means applicable excise, lodgers, sales and use taxes, or similar government taxes, duties, levies or charges collected directly from patrons or guests, or as a part of the sales price of any goods, services, or displays, or similar or equivalent taxes.

“*Gross Revenues*” means Gross Operating Revenues, including all receivables related thereto, except that the following shall also be included in determining Gross Revenue:

(a) receipts from the financing, sale or other disposition of capital assets and other items not in the ordinary course of the Project’s operations and income derived from securities and other property acquired and held for investment;

(b) receipts from awards or sales in connection with any Taking, from other transfers in lieu of and under the threat of any Taking, and other receipts in connection with any Taking, but only to the extent that such amounts are specifically identified as compensation for alterations or physical damage to the Project;

(c) proceeds of any insurance, including the proceeds of any Business Interruption Insurance;

(d) proceeds of any Bonds, Short Term Indebtedness or other financing undertaken by the Authority;

(e) the initial operating funds and working capital loans and any other funds provided by the Authority to the Manager whether for Operating Expenses or otherwise;

(f) other income or proceeds derived from operations outside of the Project and resulting other than from the use or occupancy of the Project, or any part thereof, or other than from the sale of goods, services or other items sold on or provided from the Project in the ordinary course of business;

(g) interest earned on funds held in any Account; and

(h) deposits for room reservations received by the Manager prior to the Opening Date of the Hotel.

“*Hazardous Materials*” includes, without limitation, petroleum and petroleum products (excluding a small quantity of gasoline used in maintenance equipment on the Site in compliance with all applicable Environmental Laws), flammable materials, explosives, radioactive materials (excluding radioactive materials in smoke detectors), polychlorinated biphenyls, asbestos in any form that is or could become friable, paint with more than 0.5% lead by dry weight, hazardous waste, toxic or hazardous substances or other related materials whether in the form of a chemical, element, compound, solution, mixture or otherwise including, but not limited to, those materials defined as “hazardous substances,” “extremely hazardous substances,” “hazardous chemicals,” “hazardous materials,” “toxic substances,” “toxic chemicals,” “air pollutants,” “toxic pollutants,” “hazardous wastes,” “extremely hazardous waste” or “restricted hazardous waste” by any Environmental Laws.

“*Hotel*” means the hotel constructed on the Site which includes (a) approximately 1,226,000 gross square feet of space for use as a hotel; (b) approximately 1,100 hotel guest rooms, (c) a four-story glass atrium, (d) one 300 seat full service restaurant; (d) a lobby bar and a lounge, (e) approximately 60,000 net square feet of meeting space (which square footage of meeting space excludes pre-convene and circulation space) which includes approximately 30,000 net square feet of ballroom space (which square footage of ballroom space excludes pre-convene

and circulation space); (f) an underground parking garage containing approximately 600 parking spaces; and (g) other supporting facilities commensurate with a full service, first class, convention oriented, Upscale Hotel, operating under a Hyatt brand consistent with such class of hotel and all finish materials, fixtures, furnishings, equipment and appliances contained in such Hotel.

“Hotel Agreements” means the Management Agreement and the Room Block Agreement.

“Hotel Assignment Agreement” means the Assignment and Subordination of Hotel Operating Agreements dated as of June 1, 2003, by and among the Trustee, the Authority, the Program Manager and the Manager, as amended, supplemented and modified from time to time.

“Hotel Available Revenue Fund” or *“Available Revenue Fund”* means the Convention Center Hotel Revenue Bond Available Revenue Fund established by the Indenture.

“Hotel Chain” means any hotel or hotels which are members of a chain or group of hotels under common ownership or management (provided that such chain or group has or contains a minimum of four or more hotels in operation), all or substantially all (but in no event less than four hotels) of which are (in a single transaction with a single seller or transferor) hereafter owned, operated, acquired, leased, managed, franchised or licensed by, or merged with, any entity acquired by, or merged with, or joined through a marketing agreement with, Manager or its Affiliates (or the operation of which is transferred to Manager or any of its Affiliates).

“Hotel Consultant” means an independent nationally recognized consulting firm with substantial and significant experience in the first-class convention hotel segment as chosen by the Authority from the list of hotel consultants attached to the Management Agreement. Once selected, the Authority shall have the right to remove such Hotel Consultant and choose a new Hotel Consultant with the prior written consent of the Controlling Party, which consent shall not be unreasonably withheld, delayed or conditioned. If either the Manager or the Authority in their sole discretion determines that any such consulting firm listed in the Management Agreement no longer qualifies as a nationally recognized consulting firm with substantial and significant experience in the first-class convention hotel segment, such consulting firm shall be removed from such list and Manager shall submit to the Authority and the Trustee the names of two nationally recognized consulting firms with substantial and significant experience in the first-class convention center hotel segment, none of whom shall be Manager’s primary hotel consultant or auditor and each of whom shall provide a written statement to each of the Authority, and the Trustee representing that it will make a fair and impartial judgment in any matter submitted to it pursuant to the Management Agreement. The Authority, upon the advice of the Asset Manager, shall select one of the names submitted as a replacement; provided that the Authority, upon the advice of the Asset Manager, may reject both names in its sole discretion and require the Manager to submit two additional names for consideration until the Authority selects the replacement.

“Hotel Documents” shall mean the Hotel Operating Agreement, the Room Block Agreement, and any other agreements regarding the operation and maintenance of the Hotel.

“Hotel Manager” or *“Manager”* means Hyatt and any other person who enters into an agreement with the Owner, to operate the Hotel on behalf of the Owner.

“Hotel Operating Agreement” or *“Management Agreement”* means the Hotel Operating Agreement dated as of June 1, 2003, by and between the Owner and Hyatt, as amended from time to time, or as the context requires, any other management agreement entered into by the Owner with respect to the operation and management of the Project.

“Hotel Operating Systems” means the heating, ventilating, air conditioning (HVAC), building automation system (BAS), material handling systems, plumbing, vertical transportation systems, fire protection/life safety and electrical systems comprising part of the Hotel building as well as installed specialized hotel operating systems such as reservations, point-of-sale, guest room data processing, kitchen equipment, data processing and property management systems, laundry equipment, audio-visual equipment, pool and spa operating equipment, telephone, security, keying (room access) and engineering systems.

“Hotel Personnel” means all individuals performing services at the Project employed by Manager or an Affiliate of Manager or any of the foregoing.

“Hotel Personnel Costs” means all costs associated with the employment, management or termination of Hotel Personnel, including training expenses, recruitment expenses, the costs of moving executive level Hotel Personnel, their families and their belongings to the area in which the Hotel is located at the commencement of their employment at the Hotel, wages and salaries, compensation and benefits, employment taxes, training and severance payments, all in accordance with Legal Requirements and Manager’s policies for Other Hyatt Hotels.

“Hyatt” means Hyatt Corporation, a Delaware corporation.

“Hyatt Parties” and *“Hyatt Party”* means Hyatt, its Affiliates, subsidiaries, parent(s), partners, joint venturers, successors and assigns and their respective subcontractors, contractors, agents, employees, directors, officers, attorneys, invitees and guests.

“Hyatt Proprietary Systems” means the Hyatt Proprietary Systems identified as such in the Program Management Agreement.

“Hyatt Requirements” means (i) Hyatt’s standards and requirements for construction and design of full service hotels with a scope similar to the Required Scope of the Project, as set forth in the 1999 Edition of the Hyatt Hotels & Resorts Standard Design Criteria (the “Manual”), (ii) Hyatt’s standards and requirements for construction and design of full service hotels which are comparable to the standard of quality of finishes, materials, fabrics, and overall design standards, standards generally consistent with the Model Hotel, with such modifications thereto contained in the Clarifications, Modifications and Exclusions to the Manual set forth in the Program Management Agreement, (iii) compliance with all Applicable Law including, without limitation, all Disability Acts and the issuance of all ADA certifications required by any Project Requirements, (iv) conformity of the scope of the Project and all aspects of the Project to the Required Scope of the Project, (v) compliance with all applicable aspects of the Manual, (vi) compliance with the terms of the Program Management Agreement, (vii) proper incorporation of Hyatt Proprietary Systems required for operation of the Project in accordance with the Program Management Agreement, (viii) all equipment, computer hardware, wiring connections, software and other property necessary to operate the computers as required for operation of the Project, and (ix) the Supplemental Hyatt Requirements.

“*Hyatt Software*” means the software in use at one or more Other Hyatt Hotels and all sources and object code versions thereof and all related documentation, flow charts, users manuals, listing and service/operator manuals.

“*Hyatt System*” means, collectively, the elements uniformly designated from time to time to identify structures, facilities, appurtenances, furniture, fixtures, equipment that provide to the consuming public a similar, distinctive, high quality hotel service identified with the “Hyatt” brand name, in whole or in part; including licensed brands associated with the Hyatt name, trademarks, logos, servicemarks and the like, access to a “Hyatt” reservation system, publicity and marketing, training, standards, specifications, policies, inspection programs and manuals containing standards and requirements for the operation of “Hyatt” branded hotels.

“*Impositions*” means all taxes, assessments, governmental charges of any kind whatsoever, adverse judgments, water rates, meter charges and other utility charges.

“*Improvements*” means the Building and all other structures, buildings, pavement, fencing, landscaping, recreational facilities, plumbing, electrical and telephone lines and computer cables and man-made objects of every type, existing or to be placed on the Land.

“*Indebtedness*” or “*indebtedness*,” as applied to any Person, means: (a) all indebtedness for borrowed money; (b) that portion of obligations with respect to leases that is properly classified as a liability on a balance sheet in conformity with GAAP; (c) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money; (d) any obligation owed for all or any part of the deferred purchase price of property or services if the purchase price is due more than six months from the date the obligation is incurred or is evidenced by a note or similar written instrument; and (e) all indebtedness secured by any Lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby has been assumed by that Person or is nonrecourse to the credit of that Person.

“*Indemnified Parties*” means the Trustee and its affiliates, and each of their respective officers, directors, officials, employees, attorneys and agents.

“*Indenture*” means the Amended and Restated Indenture of Trust, dated as of November 1, 2016, by and between the Authority and the Trustee, as amended and supplemented pursuant to the terms thereof.

“*Independent Accountant*” a national firm of independent certified public accountants mutually acceptable to the Authority and the Manager.

“*Index*” means the Consumer Price Index for All Urban Consumers, All Items, for the market area that includes the Project, as published by the Bureau of Labor Statistics of the United States Department of Labor, using the years 1982-84 as a base of 100, or if such index is discontinued, the most comparable index published by any federal governmental agency.

“*Information Services*” means Financial Information, Inc.’s “Daily Called Bond Service,” 1 Cragwood Road, 2nd Floor, South Plainfield, New Jersey 07080, Attention: Editor, Mergent, Inc. 585 Kingsley Park Drive, Fort Mill, South Carolina 29715, Attention: Called Bond Department; and Standard and Poor’s J.J. Kenny Information Services’ “Called Bond Record,”

55 Water Street, 45th Floor, New York, New York 10041; or, in accordance with then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other services providing information with respect to called bonds, or no such services, as the Authority may designate in a certificate of the Authority delivered to the Trustee.

“Insurance and Condemnation Proceeds Fund” means the “Convention Center Hotel Revenue Bond Insurance and Condemnation Fund” established pursuant to Section 5.02 of the Indenture.

“Insurance Consultant” means an insurance consultant mutually acceptable to Manager, the Authority and the Trustee.

“Insurance Costs” means insurance premiums relating to liability and casualty coverage and Business Interruption Insurance policies and other insurance policies and coverages maintained with respect to the Project as required pursuant to the Management Agreement and the Indenture.

“Insurance Proceeds” means any and all proceeds received by the Trustee from an insurance company as a result of a casualty loss in connection with the Project.

“Intentional Interference” shall mean any one or both of the following: Intentional Interference by the Owner or Intentional Interference by the Trustee.

“Interest Payment Date” means, with respect to the Series 2016 Bonds, June 1 and December 1 of each year, commencing June 1, 2017, or any other date on which the principal or Redemption Price of, or interest on the Series 2016 Bonds is due, and with respect to any other Series of Bonds, the date on which interest is due and payable thereon.

“Investment Security” means any investment set forth below which is an authorized investment for the Authority under State law, and which matures (or is redeemable at the option of the Trustee or is marketable prior to maturity) at such time or times as to enable disbursements to be made from the Fund in which such investment is held in accordance with the terms of the Indenture:

(a) For all purposes, including to accomplish a defeasance pursuant to Section 8.02 of the Indenture, Defeasance Securities.

(b) For all purposes other than to accomplish a defeasance pursuant to Section 8.02 of the Indenture, any of the following:

(i) Federal Housing Administration debentures.

(ii) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

-Federal Home Loan Mortgage Corporation (FHLMC)

Participation certificates (but not including stripped mortgage securities which are purchased at prices exceeding their principal amounts)

- Senior Debt obligations
 - Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) Consolidated system-wide bonds and notes
 - Federal Home Loan Banks (FHL Banks) Consolidated debt obligations
 - Federal National Mortgage Association (FNMA) Senior debt obligations Mortgage-backed securities (but not including stripped mortgage securities which are purchased at prices exceeding their principal amounts)
 - Financing Corporation (FICO) Debt obligations
 - Resolution Funding Corporation (REFCORP) Debt obligations

(iii) Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated "A-1+" or better by S&P or "Prime-1" by Moody's at the time of purchase, which may include the Trustee and its affiliates.

(iv) Deposits in banks which have capital and surplus of at least \$15 million.

(v) Commercial paper (having original maturities of not more than 30 days) rated at the time of purchase "A-1+" or better by S&P and "Prime-1" by Moody's at the time of purchase.

(vi) Money market funds rated in the highest rating category by S&P and Moody's at the time of purchase, including funds for which the Trustee, its parent company, if any, or affiliates or subsidiaries thereof provide investment advising or other management services.

(vii) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by S&P, or better, at the time of purchase or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(viii) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (vii) above and rated "A-1+" by S&P and "MIG-1" by Moody's at the time of purchase.

(ix) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (vii) above and rated "AA" or better by S&P and "Aa" or better by Moody's at the time of purchase.

(x) Pre-refunded municipal obligations rated “AAA” by S&P and “Aaa” by Moody’s at the time of purchase and meeting the following requirements:

1. such municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for such municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of such municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

2. such municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

3. the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on such municipal obligations (“Verification”);

4. the cash or United States Treasury Obligations serving as security for such municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

5. no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

6. the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(xi) Repurchase agreements entered into with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “AA” by S&P and Moody’s at the time of purchase; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “AA” by S&P and Moody’s at the time of purchase, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated at least “AA” by S&P and Moody’s (each an “Eligible Provider”) at the time of purchase, provided that:

1. the market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody’s to maintain an “A” rating in an “A” rated structured financing (with a market value approach):

2. the Trustee or a third party acting solely as agent therefor or for the Authority (the “Custodian”) has possession of the collateral or the collateral has been transferred to the Custodian in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books) and such collateral shall be marked to market;

3. the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee and the Authority setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

4. the repurchase agreement (or guaranty, if applicable) may not be assigned or amended without the prior written consent of the Authority;

5. the repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Custodian is in possession);

6. all other requirements of Mood’s and S&P in respect of repurchase agreements shall be met; and

7. the repurchase agreement shall provide that if during its term the provider’s rating by either Moody’s or S&P is withdrawn or suspended or falls below “A-” by S&P or “A3” by Moody’s, as appropriate, the provider must at the direction of the Authority or Trustee within 10 days of receipt of such direction, repurchase all collateral and terminate the repurchase agreement, with no penalty or premium to the Authority or the Trustee.

Notwithstanding the above, if the repurchase agreement has a term of 270 days or less (with no evergreen provisions), collateral levels need not be as specified in (1) above, so long as such collateral levels are 103% or better and the provider is rated at least “A” by S&P and Moody’s, respectively.

(xii) Investment agreements: with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt is rated at least “AA (stable)” by S&P and “Aa (stable)” by Moody’s: or in the case of monoline financial guaranty insurance company, claims paying ability of the guarantor is rated at least “AAA (stable)” by S&P and “Aaa (stable)” by Moody’s, provided that, by the terms of the investment agreement:

1. interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service when due with respect to the Bonds;

2. the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven (7) days' prior notice; the Authority and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

3. the provider shall send monthly reports to the Trustee and the Authority setting forth the balance the Authority or Trustee has invested with the provider and the amounts and dates of interest accrued and paid by the provider;

4. the investment agreement shall state that is an unconditional and general obligation of the provider, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

5. the investment agreement (or guaranty, if applicable) may not be assigned or amended without the prior written consent of the Authority;

6. the Trustee and the Authority shall receive an opinion of domestic counsel (which shall be addressed to the Authority) to the provider that such investment agreement is legal, valid, binding and enforceable against the provider in accordance with its terms;

7. the Authority and the Trustee shall receive an opinion of foreign counsel to the provider (if applicable), in form and substance acceptable to, and addressed to the Trustee and the Authority, that (1) the investment agreement has been duly authorized, executed and delivered by the provider and constitutes the legal, valid and binding obligation of the provider, enforceable against the provider in accordance with its terms, (b) the choice of law of the state set forth in the investment agreement is valid under that country's laws and a court in such country would uphold such choice of law, and (c) any judgment rendered by a court in the United States of America would be recognized and enforceable in such country;

8. the investment agreement shall provide that if during its term:

(i) the provider's rating by either S&P or Moody's falls below "AA-" or "A3," respectively, the provider shall, at its option, within ten (10) days of receipt of publication of such

downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Authority, the Trustee or a third party acting solely as agent therefore (the "Custodian") collateral free and clear of any third party liens or claims, the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment; and

(ii) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3," the provider must, at the direction of the Authority or the Trustee (who shall give such direction if so directed by the Controlling Party), within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Authority or Trustee.

9. in the event the provider is required to collateralize, permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers) and collateral levels must be 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral"). In addition, the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee and the Authority setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

10. the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Custodian in possession); and

11. the investment agreement must provide that if during its term: (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Authority or the Trustee (who shall give such direction if so directed by the Controlling Party), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Authority or

Trustee, as appropriate, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. (“event of insolvency”), the provider’s obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Authority or Trustee, as appropriate.

“*JAMS*” means J.A.M.S./Endispute, Inc. or its successors.

“*Land*” or “*Site*” means the real property generally bounded by 15th Street to the east, 14th Street to the west, California Street to the north and Welton Street to the south, in Denver, Colorado, and legally described as “LOTS 1 THROUGH 32, INCLUSIVE, BLOCK 163, EAST DENVER, TOGETHER WITH THE VACATED ALLEY AS VACATED BY ORDINANCE NO. 125, SERIES OF 1998 RECORDED MARCH 2, 1998 AT RECEPTION NO. 9800030577, CITY AND COUNTY OF DENVER, STATE OF COLORADO,” together with any and all easements and other appurtenances affecting the same.

“*Legal Requirements*” means (a) all laws, statutes, acts, ordinances, rules, regulations, permits, licenses, authorizations, directives, orders and requirements of all Governmental Authorities, that now or hereafter may be applicable to, as applicable, (i) the Project and the construction, maintenance, use and operation thereof, including those relating to employees, zoning, building, health, safety, Hazardous Materials, natural resources, and environmental matters, and accessibility of public facilities; (ii) Manager; (iii) Manager’s business operations; and/or (iv) the Authority; and (b) the requirements of all documents properly filed in the real property records against the Project.

“*Lender’s Title Policy*” shall mean that certain “ALTA” Loan Policy 10-17-92 issued by the Title Company for the Site insuring the Trustee.

“*Letter of Instructions*” means a written directive and authorization executed by an Authorized Authority Representative.

“*Liens*” means liens against the Project of laborers, material suppliers, vendors, and any other Persons providing, furnishing, performing or supplying any portion of the work under a contract related to the Project, or a lis pendens or judgment lien with respect to any Claims.

“*Liquor License*” means the liquor licenses issued for the Hotel in the name of Manager pursuant to the Management Agreement.

“*Listed Events*” means any of the events listed in Section 2(f) of the Continuing Disclosure Agreement.

“*Lockbox Fund*” or “*Hotel Lockbox Fund*” means the fund by that name required to be maintained pursuant to Section 5.04 of the Indenture and established pursuant to the Cash Management Agreement.

“*Main Transaction Documents*” means the Hotel Agreements, the Bond Documents and the Economic Development Agreement.

“Major Capital Projects” means the following capital projects if the cost of such project exceeds \$1,000,000: major room renovations; re-theming of restaurants or banquet areas; and major repairs following a Casualty.

“Majority of Affected Holders” means (a) while any Senior Bonds are Outstanding, the Registered Owners of a majority in aggregate principal amount of the Senior Bonds then Outstanding; and (b) while any Subordinate Bonds are Outstanding and no Senior Bonds are Outstanding, the Registered Owners of a majority in aggregate principal amount of the Subordinate Bonds then Outstanding.

“Management Agreement” means the Hotel Operating Agreement dated as of June 1, 2003 by and between the Authority and Hyatt, as may be amended or supplemented from time to time, or as the context requires, any other management agreement entered into by the Authority with respect to the operation and management of the Project.

“Management Fee” means, collectively, the Base Management Fee, the Subordinate Management Fee and the Supersubordinate Management Fee payable to the Manager under the Management Agreement.

“Manager” or *“Hotel Manager”* means Hyatt Corporation and any other person who enters into an agreement with the Authority to operate the Project on behalf of the Authority.

“Manager’s Intellectual Property” means the intellectual property owned or licensed by the Manager.

“Manager’s Negligent or Willful Acts” means any (a) acts or omissions constituting fraud, negligence, or willful misconduct on the part of Manager or its Affiliates, their officers, directors, employees, agents, or assigns, or Executive Committee Personnel; or (b) criminal violation of law by Manager, Manager’s Affiliates or permitted assignees under the Management Agreement, or any of their respective officers, directors or employees, or Executive Committee Personnel. Notwithstanding the foregoing, acts or omissions of Hotel Personnel (other than Executive Committee Personnel) shall be excluded from Manager’s Negligent or Willful Acts, so long as Manager acted reasonably, prudently and diligently in hiring, firing, training, disciplining and supervising such Hotel Personnel.

“Manager’s Proprietary Information” means (a) Manager’s and its Affiliates’ know-how, trade secrets, documents, designs, plans, reports, guest lists, and studies; (b) information Manager reasonably identifies from time to time as confidential; (c) personnel information; (d) information that should be treated as confidential under the circumstances surrounding its disclosure including guest history information, sales and marketing information, account information; and (e) information which could cause competitive harm to Manager or any of its Affiliates relating to the Other Hyatt Hotels and other proprietary information relative to the operating methods, procedures and policies distinctive to Other Hyatt Hotels, including without limitation, the contents of the Manager’s operating manuals, and methodologies relating to the Hyatt frequent guest program or other similar programs or the Manager’s central reservation system and all commercial or financial information (including without limitation, all expenses, calculations and apportionments) relating thereto, and Hyatt System information.

“Manager’s Proprietary Software” means certain computer software specially developed by or for Manager and its Affiliates for use in hotels and resorts managed by Manager and its Affiliates or for use in Other Hyatt Hotels, as more fully described in the Management Agreement.

“Mandatory Contracts” means all contracts related to the Project which are required to be applicable to the Hotel and/or which are national type contracts as identified in the Management Agreement or otherwise identified to the Authority by the Manager in accordance with the Management Agreement.

“Manual” has the meaning assigned to such term within the definition of the term Hyatt Requirements.

“Master Glossary” means the Amended and Restated Master Glossary of Terms for Denver Convention Center Hotel Authority Convention Center Hotel Revenue Bonds Transaction, dated as of November 1, 2016.

“Material Adverse Effect” means (a) a material adverse effect upon the business, operations, properties, assets or condition (financial or otherwise) of the Authority or such other Person as may be referenced or (b) the impairment of the ability of the Authority or such other Person as may be referenced to perform its non-monetary obligations under any Transaction Document or (c) if a particular item of property is referenced, a material adverse effect upon the business, operations, assets located at or condition (financial or otherwise) of the referenced property, or upon such referenced property’s ability to be in compliance with the terms of the Transaction Documents. In determining whether any individual event would result in a Material Adverse Effect, notwithstanding that such event does not of itself have such effect, a Material Adverse Effect shall be deemed to have occurred if the cumulative effect of such event and all other then occurring events and existing conditions would result in a Material Adverse Effect.

“Material Matter” means the incurrence or creation of any Lien (other than a Lien evidencing a Permitted Indebtedness or a Permitted Encumbrance), Indebtedness or Subordination, a material violation of any Requirements, the failure to obtain any Final Approval, a default under any Indebtedness, or any other event likely to have a Material Adverse Effect.

“Maturity Value” means, with respect to any Capital Appreciation Bonds, the Accreted Value at maturity of such Capital Appreciation Bond.

“Minimum Primary Cash Trap Fund Amount” means the amount of \$2,500,000.

“MOACF” shall mean the Mayor’s Office of Art, Culture and Film.

“MOCC” shall mean the Mayor’s Office of Contract Compliance.

“Model Hotel” means the Manchester Grand Hyatt, San Diego, California.

“Monthly Reports” means the monthly report prepared by the Manager for the Authority pursuant to the Management Agreement.

“*Moody’s*” means Moody’s Investors Service, Inc., its successors and assigns, and, if Moody’s Investors Service, Inc., shall for any reason no longer perform the functions of a securities rating agency, “*Moody’s*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

“*Mortgage*” means the Deed of Trust.

“*Mortgagee*” means any holder of the Deed of Trust including, initially, the Trustee.

“*Multiemployer Plan*” means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, subject to Title IV of ERISA, to which the Authority or any ERISA Affiliate is making or accruing an obligation to make contributions, or any within any of the preceding five plan years made or accrued an obligation to make contributions.

“*Multiple Employer Plan*” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Authority or any ERISA Affiliate and for the employees of other Persons or (b) was so maintained and in respect of which the Authority or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

“*National Vendor*” means any vendor providing goods or services to the Hotel and Other Hyatt Hotels under a purchasing program or a contractual arrangement with Manager or any of its Affiliates available to or for the benefit of the Hotel and Other Hyatt Hotels.

“*Net Debt Service*” means, (a) with respect to the Senior Bonds, Debt Service on the Senior Bonds less actual and anticipated investment earnings on amounts held in the Senior Debt Service Reserve Fund, and (b) with respect to the Subordinate Bonds, Debt Service on the Subordinate Bonds.

“*Net Operating Income*” means, for any period, the amount by which the sum of (a) Gross Operating Profit properly attributable to the period under consideration and (b) interest earned on any of the Accounts or Funds (except for the Rebate Fund, the Senior Debt Service Reserve Fund, the City Repayment Fund, the Senior FF&E/CapEx Reserve Fund, and Subordinate FF&E/CapEx Reserve Fund, to the extent such interest earnings are retained in such Funds or paid to the City, or to the extent such amounts are already included in Gross Operating Profit), exceeds the aggregate of the following: (i) Taxes; and (ii) Insurance Costs.

“*Net Revenues*” means Gross Operating Revenues for the Project less (a) Operating Expenses, (b) repayments on any Short Term Indebtedness and (c) Administrative Expenses.

“*Net Revenues Available for Senior Bonds*” means Available Revenues less the payments required to be made pursuant to paragraphs *First* and *Second* of Section 5.05(a) of the Indenture.

“*Net Revenues Available for Subordinate Bonds*” means Available Revenues less the payments required to be made pursuant to paragraphs *First* through *Seventh* of Section 5.05(a) of the Indenture.

“Nonassignable Contracts” means all contracts related to the Project which are not assignable or divisible and/or which are national type contracts as identified to the Authority by the Manager in accordance with the Management Agreement.

“Obligated Person” means any “obligated person” within the meaning of the Rule.

“Occupancy Agreement” means any leases, concession agreements or any other agreements for the use of any portion of the Project for a term in excess of thirty (30) days entered into by the Manager.

“Official Statement” means the Official Statement, dated October __, 2016, prepared and distributed in connection with the initial sale of the Series 2016 Bonds.

“Opening Date” means the first date on which the Project opened for business as identified by Manager and acknowledged by Authority.

“Operating Costs Set Aside Amount” means \$1,500,000, which amount shall increase to \$2,000,000 for the Operating Year commencing January 1, 2027.

“Operating Expenses” means all those ordinary and necessary expenses, including, without limitation, Reimbursable Expenses, and the Base Management Fee incurred in the operation of the Project (including any management fee or other payment to a third party payable in respect of the operation of the Garage unless the Manager is obligated to pay such management fee or other payment pursuant to the Management Agreement) in accordance with and to the extent provided in the Management Agreement, including (without duplication of any costs or expenses) but not limited to Hotel Personnel Costs, the costs of maintaining a Clearing Bank Account, refunds of Reservation Deposits, the cost of maintenance and utilities, administrative expenses, the costs of advertising, marketing, and business promotion, any items, costs or expenses which, under the express provisions of the Management Agreement or the Cash Management Agreement, are required to be treated as Operating Expenses, any department expenses and undistributed operating expenses properly classified as such in accordance with the 9th Edition of the Uniform System of Accounts,) and any amounts payable to Manager as set forth in the Management Agreement, all as determined in accordance with Generally Accepted Accounting Principles and the Uniform System of Accounts. Notwithstanding the foregoing description, unless expressly made an Operating Expense under a specific provision of the Management Agreement, the following shall not constitute Operating Expenses: (a) Taxes and Excluded Taxes and Other Charges (save and except for payroll taxes included in Excluded Taxes and Other Charges and unless such amounts are otherwise included in the calculation of Gross Operating Revenues); (b) Insurance Costs; (c) rentals of real property (unless approved in writing by the Authority); (d) depreciation and amortization on capitalized assets; (e) Administrative Expenses and other costs and expenses of the Trustee, the Authority, or the Trustee’s or the Authority’s personnel, such as entertainment expenses, salaries, wages and employee benefits of the Trustee’s or the Authority’s employees, directors’ fees, and the expenses of directors or the Trustee’s or the Authority employees to attend board meetings; (f) costs and professional fees, including the fees of attorneys, accountants, and appraisers, incurred directly or indirectly in connection with any category of expense that would not otherwise be an Operating Expense, unless otherwise expressly provided in the Management Agreement; (g) payments of principal and interest related to any financing of the Project;

(h) costs covered by and of Manager's indemnity, hold harmless and defense agreements contained in the Management Agreement, all of which shall be funded out of Manager's own funds (from whatever source, including insurance proceeds); (i) costs incurred by Manager to perform obligations, duties, covenants, agreements and responsibilities which, under the express terms of the Management Agreement, are to be funded from Manager's own funds; (j) Capital Expenses, including, without limitation, construction costs of the Project; (k) Pass Through Costs (unless otherwise included in calculating Gross Operating Revenues); and (l) payments made and amounts required to be paid pursuant to the Program Management Agreement.

"Operating Permits" shall mean all Permits necessary or requisite for the lawful use, beneficial occupancy for all intended uses and operation of the Project.

"Operating Plan and Budget" means an annual marketing and operating plan and budget for the Project prepared by the Manager and approved by the Authority, all in accordance with the terms of the Management Agreement.

"Operating Reserve Fund" means the Convention Center Hotel Revenue Bond Operating Reserve Fund established by Section 5.02 of the Indenture.

"Operating Reserve Requirement" means an amount equal to \$5,000,000.

"Operating Standard" or *"Standards"* means the standard of management of the Hotel set forth in the Management Agreement.

"Operating Term" means the term of the Management Agreement.

"Operating Year" means each full calendar year occurring during the Operating Term, the calendar year in which the Termination of the Management Agreement occurs, and if the Required Opening Date occurs prior to July 1 of a calendar year, the period of time from the Required Opening Date to the end of such calendar year. If the Required Opening Date occurs prior to July 1 of a calendar year, then the period from the Required Opening Date until and including December 31 of such year shall constitute the "first Operating Year." If the Required Opening Date occurs on or after July 1 of a calendar year, then the period from the Required Opening Date until and including December 31 shall not constitute an Operating Year and the "first Operating Year means the first full calendar year occurring after the Required Opening Date.

"Operational Legal Requirements" means (a) all laws, statutes, acts, ordinances, rules, regulations, permits, licenses, authorizations, directives, orders and requirements of all Governmental Authorities, that now or hereafter may be applicable to, (i) the Project and the maintenance, use and operation thereof, including those relating to employees, health, safety, Hazardous Materials, natural resources, and environmental matters, and accessibility of public facilities; (ii) Manager; (iii) Manager's business operations; and/or (iv) the Authority; and (b) the requirements of all documents properly filed in the real property records against the Project which shall be approved in writing by Manager.

"Ordinance" means Ordinance No. 150, Series of 2003 adopted by the City Council of the City on March 2, 2003.

“*Original Indenture*” means the Indenture of Trust, dated as of June 1, 2003, by and between the Authority and the Trustee, as amended and restated by the Amended and Restated Indenture of Trust, dated as of April 1, 2006, by and between the Authority and the Trustee, as further amended and supplemented from time to time.

“*Original Purchaser*” means, with respect to the Series 2016 Bonds, each of the initial registered owners of such Series 2016 Bonds.

“*Other Hyatt Hotels*” means all other hotels and resorts in the United States, Canada and the Caribbean that are owned or managed by Manager and/or its Affiliates under the name “HYATT,” (other than under the “Park Hyatt” names), including any such hotels and resorts under such brand that are owned or managed by Manager and its Affiliates.

“*Out-of-Pocket Expenses*” means the out of pocket costs paid to non-Affiliates of Manager (with no mark-up or profit to Manager) incurred directly by Manager or any of their respective Affiliates providing services to the Project under the Management Agreement, including, without limitation, reasonable air and ground transportation, meals, lodging, reasonable business entertainment expenses, taxes, gratuities, computer services, document reproduction, printing, promotional materials, stationery, postage, long-distance telephone calls and facsimiles.

“*Outstanding*” means, with respect to any Bonds as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Indenture except:

- (a) Bonds canceled or delivered for cancellation at or prior to such date;
- (b) Bonds in lieu of or in substitution for which other Bonds has been authenticated and delivered pursuant to the Indenture; and
- (c) Bonds deemed to have been paid, redeemed, purchased or defeased as provided in the Indenture, in any Supplemental Indenture, as applicable, or as provided by law.

“*Owner*” or “*Authority*” means Denver Convention Center Hotel Authority, a Colorado nonprofit corporation, and its successors and permitted assigns.

“*Owner’s Authorized Representative*” means the Owner’s president or such other person named by the Owner, provided Owner shall give written notice prior to implementing such change.

“*Owner’s Title Policy*” shall mean that certain “ALTA” Owner’s Policy No. 10-17-92 issued by the Title Company for the Site insuring the Authority.

“*Parking Lease*” shall mean that certain Auto Park Lease between WelCal, RLLP, Lessor and AMPCO System Parking dated May 15, 1998.

“*Participant*” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Series 2016 Bonds as securities depository.

“*Party*” or “*Parties*” means, as used in and with respect to each Agreement, the parties entering into such Agreement.

“*Pass Through Costs*” means amounts collected by the Manager from Hotel guests and patrons on behalf of third parties to be remitted to such third parties, including, without limitation, gratuities and amounts charged to guest folios for goods or services supplied by tenants, vendors or concessionaires of the Hotel.

“*Paying Agent*” means the Trustee, and its successor or assigns.

“*PBGC*” means the Pension Benefit Guaranty Corporation (or any successor).

“*PCC*” or “*Potential Convention Center Customer*” means a person or entity that is planning an event that will potentially be held at the Convention Center.

“*Performance Standard*” means, as applicable, the Senior Bonds Performance Standard, the GOP Performance Standard and the Yield Index Performance Standard.

“*Performance Termination Event*” means, for the purposes of the Management Agreement, the occurrence of either of the following events: (i) a draw on the Senior Debt Service Reserve Fund which has not been fully replenished, or (ii) the Senior Bonds Performance Standard has not been met for two consecutive years.

“*Performance Test*” means the tests identified in the Management Agreement to determine if a Performance Termination Event has occurred.

“*Performance Test Period*” means the period of the Operating Term commencing with the seventh Operating Year and ending on the last day of the Operating Term.

“*Permits*” means licenses, approvals, permits, variances, authorizations, entitlements, registrations and the like required by any Governmental Authority having jurisdiction over Owner or the Project.

“*Permitted Encumbrances*” means with respect to the property of the Authority, means and includes:

(a) Liens specifically permitted by, or created by, the Indenture, the Project, the Deed of Trust or any other Transaction Document;

(b) Liens for taxes, assessments, fees, levies or other similar charges which are either not yet due and payable or are being contested in good faith by appropriate proceedings conducted with due diligence, if adequate reserves therefor have been established and are being maintained;

(c) materialmen’s, mechanics’, workmen’s, repairmen’s, employees’ or other like Liens arising in the course of construction of the Project or in the ordinary course of operations or maintenance of the Project, in each such case securing obligations which are not delinquent or are bonded in a manner satisfactory to the Authority acting reasonably and in good faith or are being contested in good faith by appropriate

proceedings conducted with due diligence (unless by such contest there exists any risk (taking into account any applicable insurance, reserves or bonding covering such Lien) that any portion of the Site or the Project may become subject to loss or forfeiture or that such Lien or contest thereof might otherwise interfere with the use of the Site or the Project);

(d) existing utility, access and other easements and rights of ways, and restrictions as set forth in Schedule B to the Title Policy; and

(e) purchase money security interests and security interests placed upon personal property being acquired to secure a portion of the purchase price thereof, or lessor's interests in leases required to be capitalized in accordance with generally accepted accounting principles; provided that the aggregate principal amounts secured by any such interests shall not exceed at any time more than \$100,000.

"Permitted Indebtedness" means the Bond Obligations and the Short Term Indebtedness.

"Person" means any individual, public or private corporation, partnership, limited liability company, county, district, authority, municipality, political subdivision or other entity of the State of Colorado or the United States of America, and any partnership, association, firm, trust, estate or any other entity or organization whatsoever.

"Petty Cash Amount" means an amount reasonably estimated by the Manager as the amount needed from time to time to be retained by the Manager at the Project as petty cash, which amount shall be comparable to the amount kept by Manager as petty cash at other hotels of comparable size and quality operated by Manager.

"PHC" or *"Potential Hotel Customer"* means a customer or group that is planning a meeting, conference, convention or other event to take place primarily in the Hotel function space.

"Plan" means with respect to any Person, any plan, program, arrangement, practice or contract, which provides benefits or compensation to or on behalf of employees or former employees of such Person, whether formal or informal, whether or not written, including, but not limited to any "employer benefit plan" (as defined in Section 3(3) of ERISA).

"Primary Cash Trap Fund" means the Convention Center Hotel Revenue Bond Primary Cash Trap Fund established pursuant to Section 5.02 of the Indenture.

"Principal Installment" means as of any particular date of calculation and with respect to Bonds of a particular Series, an amount of money equal to the aggregate of (a) the principal amount or Accreted Value of Outstanding Bonds of such Series which mature on a single future date, reduced by the aggregate principal amount of such Outstanding Bonds of such Series which would before said future date be retired as a result of Sinking Fund Installments applied in accordance with the Indenture or a Supplemental Indenture; plus (b) the amount of any Sinking Fund Installment payable on said future date for the retirement of any Outstanding Bonds of such Series.

“Principal Office” or *“Principal Corporate Trust Office”* with respect to the Trustee means a corporate trust office of the Trustee located at the address set forth in Section 14.11 of the Indenture, or at such other place as the Trustee shall designate by notice given under said Section 14.11, or such other office designated by the Trustee from time to time.

“Program Management Agreement” means that certain All-Risk Program Management Agreement dated as of June 25, 2003, executed by Program Manager and the Authority, pertaining to the design and construction of the Project.

“Program Manager” means FaulknerUSA, Inc., a Delaware corporation.

“Project” means the Land and Improvements.

“Project Documents” means the Room Block Agreement and the Management Agreement.

“Project Requirements” shall mean any and all requirements, rules, restrictions, terms, standards conditions, limitations, or obligations applicable to the Project, or any other component or part thereof, including, without limitation, the Project Site or the Work, by or reasonably inferable from any one or more of the following: Applicable Law, the Contract Documents, the Transaction Documents, the Hyatt Requirements and/or the Model Hotel.

“Projected Additional Bonds Debt Service Coverage Ratio” means for any future period, with respect to the Outstanding Senior Bonds, a fraction calculated by dividing the Net Revenues Available for Senior Bonds for a particular period of time as projected by a Hotel Consultant by the Debt Service for the Outstanding Senior Bonds (including the proposed Additional Bonds if such Additional Bonds are to be issued as Senior Bonds) for the same particular period of time; and with respect to the Outstanding Subordinate Bonds, means a fraction calculated by dividing Net Revenues Available for Subordinate Bonds for a particular period of time as projected by a Hotel Consultant by the Debt Service for the Outstanding Subordinate Bonds (including the proposed Additional Bonds if such Additional Bonds are to be issued as Subordinate Bonds) for the same particular period of time.

“Projected Debt Service Coverage Ratio” means for any future period, with respect to the Outstanding Senior Bonds, a fraction calculated by dividing the Net Revenues Available for Senior Bonds for a particular period of time as projected by a Hotel Consultant by the Net Debt Service for the Outstanding Senior Bonds for the same particular period of time; and with respect to the Outstanding Subordinate Bonds, means a fraction calculated by dividing Net Revenues Available for Subordinate Bonds for a particular period of time as projected by a Hotel Consultant by the Net Debt Service for the Outstanding Subordinate Bonds for the same particular period of time.

“Property” means the Land and the Improvements.

“Proposed Assignee,” with respect to the Management Agreement, means a proposed assignee of the Management Agreement by the Manager that meets the qualifications set forth thereunder.

“Proposed Budget Documents” means, collectively, the Proposed Operating Plan and Budget and the Proposed Capital Budget.

“Proposed Capital Budget” means the Capital Budget proposed by the Manager for a particular Operating Year in accordance with the Management Agreement.

“Proposed Operating Plan and Budget” means the Operating Plan and Budget proposed by the Manager for a particular Operating Year in accordance with the Management Agreement.

“Qualified Management Agreement” is defined under Section 141 of the Code and Rev. Proc. 2016-44.

“Rating Agency” means, as the context requires, Moody’s, S&P or Fitch.

“Rating Service” means J.D. Powers and Associates, or if J.D. Powers and Associates no longer conducts surveys with respect to Upscale Hotels, then such other Person mutually agreeable to the Manager and the Authority who then conducts surveys of Upscale Hotels.

“Rebate Analyst” means a certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and retained by the Authority to make the computations required under the Indenture or any Supplemental Indenture.

“Rebate Fund” means the Convention Center Hotel Revenue Bond Rebate Fund established by Section 5.02 of the Indenture, and includes any separate accounts or subaccounts established by the terms of any Supplemental Indentures or any agreement pursuant thereto.

“Record Date” means the close of business on the fifteenth day of the calendar month (whether or not a Business Day) preceding such Interest Payment Date; provided that the Record Date for any Series of Additional Bonds, if different, means the date designated in any Supplemental Indenture as the record date for the payment of interest on such Series of Additional Bonds.

“Redemption Date” means the date upon which any Bonds are to be redeemed prior to their respective fixed maturities pursuant to the mandatory or optional redemption provision of the Indenture or any Supplemental Indenture.

“Redemption Price” means, with respect to any Bond, the amount, including any applicable premium, payable upon the mandatory or optional redemption thereof, as provided in the Indenture or any Supplemental Indenture.

“Refunding Bonds” means all Bonds, whether issued in one or more Series, issued for the purpose of refunding a like or different principal amount of Bonds, and hereafter authenticated and delivered pursuant to the Indenture.

“Register” means the register maintained by the Registrar for each Series of Bonds which shows ownership of Bonds in accordance with Section 3.08 of the Indenture.

“Registered Owner” means, when used with respect to Bonds, the registered owner of any Bond.

“Registrar” means, with respect to the Series 2016 Bonds, the Trustee, and the successor or successors appointed pursuant to and meeting the requirements of Article X of the Indenture.

“Reimbursable Expenses” means for purposes of the Management Agreement all costs and expenses reimbursable to Manager pursuant to the Management Agreement.

“Related Party” means any Person who is a “related person” within the meaning of Section 144(a)(3) of the Code.

“Remedial Action” means actions required to (a) investigate, monitor, clean up, remove, treat, dispose of off-site or in any other way address or respond to the effects of Hazardous Substances in the indoor or outdoor environment so as to render the Project safe for its intended use; or (b) prevent the release or threat of release, or minimize the further release, of Hazardous Substances in the indoor or outdoor environment.

“Removal Expenses” means Out-of-Pocket Expenses related to the removal of all signage, Proprietary Software, and other supplies and FF&E bearing the “Hyatt” trademark after the termination of the Management Agreement.

“Reportable Event” means any event described in Section 4043(b) of ERISA, other than an event (excluding an event described in Section 4043(b)(I) relating to tax disqualification) with respect to which the thirty (30) day notice requirement has been waived.

“Repository” means the Municipal Securities Rulemaking Board.

“Reservation Deposits” means deposits from guests to reserve rooms or facilities at the Hotel.

“Responsible Officer” means, when used with respect to the Trustee, the chairman or vice chairman of the board of directors of the Trustee, the chairman or vice chairman of the executive committee of said board, the president or any vice president, the secretary or any assistant secretary, the treasurer or any assistant treasurer, the cashier or any assistant cashier, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee performing functions with respect to a particular corporate trust matter or to whom such matter is referred because of that officer’s knowledge of and familiarity with the particular subject.

“Restricted Area” means the area set forth on the map attached to the Management Agreement.

“Restricted Hotel” means, for purposes of the Indenture, any hotel or motel facility, and for purposes of the Management Agreement, any hotel or motel facility which is operated as a full service hotel and (a) has more than 300 guest rooms or (b) has more than 30 square feet per guest room of meeting space within or immediately adjacent to such facility.

“*REVPAR*” means, with respect to each hotel that is a member of the Competitive Set and with respect to the Hotel, and with respect to any period of time, the “Revenue Per Available Room” for the hotel in question, as measured and reported by Smith Travel Research, Inc., or such other reputable independent third party market research firm as may be mutually approved by the Authority and the Manager.

“*Room Block Agreement*” means the Room Block Agreement, dated as of June 1, 2003, between the Authority, the Denver Metro Convention & Visitors Bureau and the Manager, as amended and supplemented pursuant to the terms thereof.

“*Room Block Contract*” means a contract between a PCC and the Manager, pursuant to which Hotel agrees to reserve rooms for the PCC pursuant to the Room Block Agreement.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

“*S&P*” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, its successors and assigns, and, if S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, shall for any reason no longer perform the functions of a securities rating agency, “S&P shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

“*Secondary Cash Trap Fund*” means the “Convention Center Hotel Revenue Bonds Secondary Cash Trap Fund” established pursuant to Section 5.02 of the Indenture.

“*Securities Depositories*” means The Depository Trust Company, 55 Water Street, New York, New York 10041; or, in accordance with the then current guidelines of the Securities and Exchange Commission to such other addresses and/or such other securities depositories or to such depositories as the Securities and Exchange Commission may designate from time to time.

“*Senior Bonds*” means the Series 2016 Bonds and all Additional Bonds issued on a parity with the Series 2016 Bonds.

“*Senior Bonds Performance Standard*” means the Net Operating Income (inclusive of Net Operating Income generated by the Garage) for the applicable Operating Year equals or exceeds at least 120% (or such higher percentage as set forth in the Management Agreement) of the Net Debt Service on the Senior Bonds for each of the Operating Years; provided however, that if the Manager is required to cease all operations of the Hotel due to the failure, revocation, lapse, non-issuance or non-reissuance or non-renewal of any temporary or partial certificate of occupancy not caused by Manager’s Negligent or Willful Act (provided that the Manager’s good faith compliance with such certificate of occupancy shall not be deemed to constitute Manager’s Negligent or Willful Act) then for such Operating Year the amount of Net Operating Income required to satisfy the Senior Bonds Performance Standard shall be reduced by an amount equal to (a) three times the number of days the Hotel is not operating divided by three hundred sixty-five multiplied by (b) the amount of Net Operating Income to satisfy such Senior Bonds Performance Standard applicable to such Operating Year; and, provided further, that in the event of such failure, revocation, non-issuance, non-renewal or non-reissuance which does not result in a complete cessation of operations at the Hotel then for such Operating Year the Net Operating

Income required to satisfy the Senior Bonds Performance Standard shall be equitably reduced in proportion to the degree to which Manager's operation of the Hotel has been interrupted.

"Senior Debt Service Account" means the Account established within the Debt Service Fund for the payment of Debt Service of the Senior Bonds.

"Senior Debt Service Coverage Ratio" means a fraction calculated by dividing the sum of Net Operating Income plus Economic Development Payments for a particular period of time by the Net Debt Service for the Outstanding Senior Bonds for the same period of time.

"Senior Debt Service Reserve Fund" means the Convention Center Hotel Revenue Bond Senior Debt Service Reserve Fund established by Section 5.02 of the Indenture.

"Senior Executive Personnel" means the individuals employed from time to time as the general manager of the Hotel and the controller for the Hotel.

"Senior FF&E/CapEx Reserve Fund" means, the Convention Center Hotel Revenue Bond Senior FF&E/CapEx Reserve Fund established by Section 5.02 of the Indenture.

"Senior FF&E/CapEx Set Aside Amount" means 4.0% of Gross Operating Revenue.

The Senior FF&E/CapEx Set Aside Amount shall not be classified as an Operating Expense or Capital Expense, provided that upon disbursement of funds from the Senior FF&E/CapEx Reserve Fund, the disbursed amounts shall be classified as an Operating Expense or Capital Expense in accordance with GAAP.

"Senior Reserve Fund Requirement" means the amount required to be on deposit in the Senior Debt Service Reserve Fund from time to time and, so long as the Series 2016 Bonds are the only Senior Bonds Outstanding, an amount equal to \$_____, and upon the issuance of any Additional Bonds constituting Senior Bonds, the amount set forth in the Supplemental Indenture authorizing the issuance of the Additional Bonds as the Senior Reserve Fund Requirement, which amount, together with the amount on deposit in the Senior Debt Service Reserve Fund, will be equal to at least the lesser of (i) the maximum annual Debt Service on all Senior Bonds then Outstanding, (ii) 125% of the average annual Debt Service on all Senior Bonds then Outstanding, and (iii) 10% of the Senior Bonds then Outstanding upon the issuance of such Additional Bonds..

"Series" means Bonds identified as a separate series which are authenticated and delivered on original issuance and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture, or any Supplemental Indenture. All Bonds of a particular Series shall be of the same Tier.

"Series 2003A Bonds" means the \$354,825,000 aggregate principal amount of Denver Convention Center Hotel Authority Convention Center Hotel Senior Revenue Bonds, Series 2003A.

"Series 2006 Bonds" means the \$356,155,000 aggregate principal amount of Denver Convention Center Hotel Authority Convention Center Hotel Senior Revenue Refunding Bonds, Series 2006.

“*Series 2016 Bonds*” means the \$273,910,000* aggregate principal amount of Denver Convention Center Hotel Authority Convention Center Hotel Senior Revenue Refunding Bonds, Series 2016.

“*Series 2016 Costs of Issuance Account*” means the Account by that name within the Costs of Issuance Fund established and designated as such in Section 5.02 of the Indenture.

“*Short Term Indebtedness*” means any notes or other indebtedness lawfully issued or incurred by the Authority payable in full not later than twelve months from the date so issued or incurred.

“*Single Employer Plan*” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, subject to Title IV of ERISA, that (a) is maintained for employees of the Authority or any ERISA Affiliate and no Person other than the Authority and the ERISA Affiliates or (b) was so maintained and in respect of which the Authority or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

“*Sinking Fund Installment*” means, as of any particular date of calculation and with respect to any Series of Bonds, the amount of money to be applied as the Redemption Price of Bonds subject to mandatory sinking fund redemption in any Fiscal Year prior to maturity pursuant to the Indenture or the Supplemental Indenture for such Series, as such Sinking Fund Installment has been previously reduced by the principal amount of any Bonds of such Series of the maturity in respect of which such Sinking Fund Installment is payable which are purchased or redeemed by the Trustee in accordance with the provisions of Section 4.03 of the Indenture or of any Supplemental Indenture, other than by the prior payment of a Sinking Fund Installment.

“*Site*” has the meaning set forth in the definition of Land.

“*State*” means the State of Colorado.

“*Subaccount*” means any one or more of the subaccounts from time to time created in any of the Accounts established by Section 5.02 of the Indenture or by any Supplemental Indenture.

“*Subordinate Bonds*” means any Additional Bonds issued as subordinate bonds pursuant to the Indenture.

“*Subordinate FF&E/CapEx Reserve Fund*” means the Convention Center Hotel Revenue Bond Subordinate FF&E/CapEx Reserve Fund established by Section 5.02 of the Indenture.

“*Subordinate FF&E/CapEx Set Aside Amount*” means 5.0% of Gross Operating Revenue.

The Subordinate FF&E/CapEx Set Aside Amount shall not be classified as an Operating Expense or Capital Expense, provided that upon disbursement of funds from the Subordinate FF&E/CapEx Reserve Fund, the disbursed amounts shall be classified as an Operating Expense or Capital Expense in accordance with GAAP. The Subordinate FF&E/CapEx Set Aside Amount may be adjusted from time to time pursuant to Section 7.34 of the Indenture.

* Preliminary; subject to change.

“Subordinate Debt Service Account” means the Account established within the Debt Service Fund for the payment of Debt Service of the Subordinate Bonds.

“Subordinate Debt Service Coverage Ratio” means a fraction calculated by dividing the Net Revenues Available for Subordinate Bonds for a particular period of time by the Net Debt Service for the Outstanding Subordinate Bonds for the same particular period of time.

“Subordinate Management Fee” means that portion of the Management Fee designated as such pursuant to the Management Agreement, calculated as a percentage of Gross Operating Revenues which is payable for an Operating Year only if the Project achieves certain Gross Operating Revenue thresholds for such Operating Year.

“Subordinate Management Fee Fund” means the “Convention Center Hotel Revenue Bond Subordinate Management Fee Fund” established pursuant to Section 5.02 of the Indenture.

“Sufficient Funds” means the following:

(a) with respect to the payment of Operating Expenses, there are sufficient amounts in the Lockbox Fund (or other funds that are made available to Manager for the payment of Operating Expenses) for the payment of such Operating Expenses;

(b) with respect to the payment of Capital Expenses in connection with unbudgeted Capital Improvements or an Emergency, there are sufficient funds in the Operating Reserve Fund, Senior FF&E/CapEx Reserve Fund, the Senior CapEx Reserve Fund, the Subordinate FF&E/CapEx Reserve Fund and the Cash Trap Funds to pay for such Capital Expenses;

(c) with respect to Taxes and insurance costs, there shall be sufficient balances in the Taxes and Insurance Fund to pay for such costs;

(d) with respect to Excluded Taxes and Other Charges, there shall be funds available in the Lockbox Fund and the Excluded Taxes and Pass Through Costs Fund to pay such taxes at least equal to the collections deposited by Manager into the Lockbox Fund and the Excluded Taxes and Pass Through Costs Fund that are attributable to such Excluded Taxes and Other Charges; and

(e) with respect to the payment of costs to repair, cure and/or replace FF&E or Capital Expenses in connection with budgeted capital improvements, there are sufficient funds in the Senior FF&E/CapEx Reserve Fund and the Subordinate FF&E/CapEx Reserve Fund to pay for such costs and Capital Expenses.

“Supersubordinate Management Fee” means that portion of the Management Fee designated as such pursuant to the Management Agreement, calculated as a percentage of Gross Operating Revenues which is payable for an Operating Year only if the Project achieves certain Gross Operating Revenue thresholds for such Operating Year.

“Supersubordinate Management Fee Fund” means the “Convention Center Hotel Revenue Bond Supersubordinate Management Fee Fund” established pursuant to Section 5.02 of the Indenture.

“Supplemental Indenture” means any Indenture supplemental to or amendatory of the Indenture, entered into by the Authority and the Trustee in accordance with Article XI thereof.

“Supplemental Hyatt Requirements” means the layout of the public and guest room areas of the Project (including, the number and size of guest rooms and the public areas and facilities), the layout, design, fixturing and equipping of the office and support spaces, kitchens, laundry and main central mechanical and electrical systems, the public circulation system (including, vertical transportation systems), life/safety support systems, all security systems (including, locks, safe deposit boxes, surveillance and security communication systems) and telephone, computer hardware for data processing and other computer systems and Project signage (including, outdoor signs).

“Survey” means a survey of the Site, certified to the Authority and the Trustee and their successors, assigns and designees and to the Title Company by a surveyor reasonably satisfactory to the Authority and the Trustee.

“System Costs” means all costs incurred by the Manager or by any of its Affiliates in respect of System Services.

“System Services” means those centralized services that the Manager and its Affiliates currently provide to Other Hyatt Hotels. Such System Services are described in the Management Agreement.

“Systems” include, but are not limited to, all fixtures, equipment, pipes, lines, wires, ducts, vents, computer cables, security system cables, monitoring system cables, conduits, and other systems and facilities used in the production, heating, cooling and/or transmission of air, water, gas, electricity, communications, waste water, sewage, and audio and video signals, elevators and escalators.

“Taking” or *“Taken”* means a taking as a result of compulsory purchase or acquisition of all or part of the Project, any taking by any governmental authority (or any authority or entity acting on behalf of or purporting to act on behalf of any governmental authority) for any purpose whatsoever or a conveyance by the Authority in lieu thereof.

“Tax Certificate” means, as applicable, the Tax Compliance Certificate related to the Series 2003A Bonds, the Series 2006 Bonds and the Series 2016 Bonds, dated as of the Closing Date applicable thereto, executed by the Authority, as such Tax Compliance Certificate shall be amended from time to time.

“Taxes” means all taxes, including ad valorem taxes on real property, payments in lieu of taxes which the Authority is contractually required to pay and personal property taxes relating to or assessed in connection with the ownership or operation of the Project, except for Excluded Taxes and Other Charges.

“Taxes and Insurance Fund” means the “Convention Center Hotel Revenue Bond Taxes and Insurance Fund” established pursuant to Section 5.02 of the Indenture.

“Taxes and Insurance Set Aside Amount” means, with regard to a particular month, an amount equal to one-twelfth of the amount budgeted for real property taxes, assessments and

insurance for the Project by the then-current Operating Plan and Budget for the Operating Year in which the month falls, plus an amount equal to any costs incurred by the Authority in challenging the imposition of any Taxes; provided that such amount may be adjusted to the extent determined to be necessary to cause the amount to be deposited therein to at least equal the payment for real property taxes, assessments, insurance and insurance premiums when due and the costs incurred by the Authority in challenging the imposition of any Taxes.

“*Term*” means, the term of the Room Block Agreement and the Management Agreement, as applicable.

“*Termination*” means the expiration or sooner cessation or termination of the applicable Agreement.

“*Termination Fee*” means the fee payable by the Authority to the Manager if the Management Agreement is terminated prior to its stated expiration date.

“*TIA*” means the Trust Indenture Act of 1939.

“*Tier*” means all Bonds of one or more Series the principal and Redemption Price of and interest on which are payable from the same Debt Service Account.

“*Title Company*” means Land Title Guaranty Company.

“*Title Policy*” means the mortgagee policy of title insurance to be issued by the Title Company upon the Closing Date. The Title Policy must have a liability in the amount of the aggregate principal amount of the Bonds insuring, as of the Closing Date, that a fee interest in the Project is vested in the Authority, and insuring the Trustee that the lien of the Deed of Trust constitutes a first and valid lien upon the Project, subject only to such exceptions approved by Authority and must otherwise be in form and substance acceptable to Authority.

“*Total Net Revenues*” means the sum of the following: (i) Net Operating Income less Administrative Expenses, plus (ii) any amounts received from the City pursuant to the Economic Development Agreement, plus (iii) the earnings on amounts deposited into the Available Revenue Fund and the Administrative Expenses Fund not otherwise included in the definition of Net Operating Income plus (iv) the amount deposited into the Available Revenue Fund from the Senior Special Debt Service Reserve Fund.

“*Total Projected Net Revenues*” means the amount of Total Net Revenues for a particular period of time as projected by a Hotel Consultant.

“*Trademarks*” means the trademarks, trade name, service marks, and copyrights associated with the name HYATT, and the related marks that include the word HYATT, including HYATT HOTELS, HYATT RESORTS, and the “Hyatt Hotels & Resorts” corporate logo or symbol, together with the right to use any and all slogans, derivations, trade secrets, know-how, and trade dress, and all other proprietary rights associated with such names, marks and slogans reflected in the Management Agreement.

“*Transaction Documents*” means any and all documents relating to the acquisition, financing, development, construction, rehabilitation, ownership, management, use, or operation

of the Project, as any such documents may be amended from time to time, including, without limitation, the Hotel Agreements, the Bond Documents, the Economic Development Agreement, and all documents pertaining to title matters. To the extent that any documents or agreement is included within more than one of capitalized terms referenced within this defined term “Transaction Documents” such agreement or document shall be deemed included only once for purposes of this term “Transaction Documents.”

“*Transition Period*” means the 180-day period after a Foreclosure Event,

“*Trust Estate*” has the meaning assigned to such term in the Granting Clauses of the Indenture.

“*Trustee*” means The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture, together with any successors or assigns.

“*Twelve Month Period*” means each period of time after the Opening Date of the Hotel consisting of 365 or 366 days (as appropriate), with the first Twelve Month Period commencing on the Opening Date and ending on the day prior to the date on which the Opening Date occurred in the next calendar year and the last Twelve Month Period shall end on the date of Termination of the Management Agreement.

“*UCC*” means the Colorado Uniform Commercial Code.

“*Underwriter*” means, with respect to the Series 2016 Bonds, Piper Jaffray & Company, Citigroup Global Markets Inc., Stifel, Nicolaus & Company, Incorporated, RBC Capital Markets, LLC, D.A. Davidson & Co., and Harveston’s Securities, Inc.

“*Uniform System of Accounts*” means the latest edition of the Uniform System of Accounts for the Lodging Industry that is published by the Hotel Association of New York City, Inc. and approved by the American Hotel & Motel Association (currently, the 9th Revised Edition, 1996).

“*Unrelated Third Party*” means any Person who is not a Related Party.

“*Upscale Hotel*” means, for purposes of the Program Management Agreement, a hotel having an “upscale” rating as categorized by J.D. Powers and Associates in its annual study of upscale hotel chains or, if such study is discontinued, a hotel of equivalent or better quality and similar program to the Model Hotel and, for purposes of all other agreements, a brand of hotels categorized by the Rating Service as being “upscale.”

“*Upscale Rating*” means, with respect to the results of the annual survey conducted by the Rating Service with respect to the Hotel as required by the Management Agreement, being no lower than one standard deviation below the mean of all Upscale Hotels for such Operating Year during which such annual survey was conducted.

“*USA&M*” means the United States Arbitration and Mediation or its successors.

“*Warranties*” means all guarantees and warranties of materials and Work furnished to or by the Program Manager or any contractor or subcontractor and shall be deemed to run for the benefit of the Owner.

“*Withdrawal Liability*” has the meaning specified in Part 1 of Subtitle E of Title IV of ERISA.

“*Work*” means all tasks, activities, professional services, property, documentation and materials required to deliver the Project pursuant to the Program Management Agreement.

“*Yield Index Performance Standard*” means that the Hotel’s REVPAR for the applicable Operating Year is at least 95% of the Average Competitive REVPAR for such Operating Year.

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APPENDIX C
FORM OF INDENTURE

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AMENDED AND RESTATED INDENTURE OF TRUST

between

DENVER CONVENTION CENTER HOTEL AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

Dated as of November 1, 2016

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AMENDED AND RESTATED INDENTURE OF TRUST

THIS AMENDED AND RESTATED INDENTURE OF TRUST is dated as of November 1, 2016 by and between the **DENVER CONVENTION CENTER HOTEL AUTHORITY**, a Colorado nonprofit corporation, and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association, which is authorized by law to accept and exercise the trust powers set forth herein, and its successors in trust and assigns, and amends and restates in its entirety the Amended and Restated Indenture of Trust dated as of April 1, 2006 originally executed by and between the Authority and J. P. Morgan Trust Company, National Association, as the prior trustee (as thereafter amended from time to time, the "2006 Indenture"). Except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms have the meanings assigned to such terms in the Amended and Restated Master Glossary of Terms for Denver Convention Center Hotel Authority Convention Center Hotel Revenue Bond Transaction, dated as of November 1, 2016, attached as Exhibit A hereto and incorporated herein.

WITNESSETH:

WHEREAS, the Authority is a nonprofit corporation created and existing under the Colorado Revised Nonprofit Corporation Act, Articles 121 through 137 of Title 7 of the Colorado Revised Statutes, as amended, its Articles of Incorporation and Ordinance No. 150, Series of 2003, adopted by the City Council of the City and County of Denver, Colorado on March 3, 2003; and

WHEREAS, the Act, the Authority's Articles of Incorporation and the Ordinance authorize the Authority to issue revenue bonds to finance the cost of acquiring, constructing, equipping, operating and financing the Project, described generally as a convention center hotel and related improvements; and

WHEREAS, the City is the owner and operator of the Convention Center; and

WHEREAS, in order to provide for the financing of the Costs of the Project, which is functionally related to the Convention Center, and is expected to accommodate the needs and convenience of the general public, the Authority issued its Series 2003A Bonds, pursuant to and in accordance with the provisions of the Act, the Ordinance and the Original Indenture; and

WHEREAS, the net proceeds of the Series 2003A Bonds were issued to: (a) finance the planning, designing, engineering, developing, constructing, equipping, furnishing and opening of the Project which includes (i) a full service hotel, (ii) a parking garage located beneath the hotel to service the needs of the hotel and (iii) other supporting facilities commensurate with a full service, first class, convention oriented Upscale Hotel and all finish materials, fixtures, furnishings, equipment and appliances to be contained in the hotel and the parking garage, (b) provide initial operating supplies and inventories for the Project, (c) pay capitalized interest during construction of the Project and for the first six months following its anticipated completion date, (d) fund a reserve fund for the Series 2003A Bonds, (e) fund initial working capital for the Project, (f) pay certain fees and expenses under the Pre-Opening Services Agreement and (g) pay certain costs of issuing the Series 2003A Bonds; and

WHEREAS, the City and the Authority have entered into the Economic Development Agreement with respect to the Project providing certain economic and other benefits to the City with respect to the Project; and

WHEREAS, the Project has been constructed on certain land located across the street from the Convention Center; and

WHEREAS, the Authority and the Trustee have entered into the 2006 Indenture for the purpose of amending certain provisions contained in the Original Indenture and authorizing the issuance of a series of refunding bonds: the \$356,155,000 Denver Convention Center Hotel Authority Convention Center Hotel Senior Revenue Refunding Bonds, Series 2006, the net proceeds of which, together with amounts on deposit in the Funds held by the Trustee under the Original Indenture were used to (a) fund capitalized interest on the Series 2006 Bonds in an amount equal to accrued interest through July 1, 2006, (b) fund a reserve fund for the Series 2006 Bonds, (c) fund a working capital reserve for the Project, (d) refund and defease all of the Series 2003A Bonds, and (e) pay certain costs of issuing the Series 2006 Bonds; and

WHEREAS, the Authority and the Trustee are entering into this Indenture for the purpose of amending certain provisions contained in the 2006 Indenture and authorizing the issuance of a series of refunding bonds: the \$[AMOUNT] Denver Convention Center Hotel Authority Convention Center Hotel Senior Revenue Refunding Bonds, Series 2016, the net proceeds of which, together with amounts on deposit in the Funds held by the Trustee under the 2006 Indenture shall be used to (a) refund and defease all of the Series 2006 Bonds, (b) fund a reserve fund for the Series 2016 Bonds, (c) fund a working capital reserve for the Project, and (e) pay certain costs of issuing the Series 2016 Bonds; and

WHEREAS, the Series 2016 Bonds are being issued pursuant to Section 3.02(b) of the 2006 Indenture; and

WHEREAS, pursuant to the Ordinance, the City has authorized the Authority to issue refunding bonds without any further action required by the City; and

WHEREAS, it is intended that, except as otherwise specifically provided herein, the Series 2016 Bonds and any Additional Bonds issued on a parity with the Series 2016 Bonds shall be secured by the Trust Estate on a senior basis to any Subordinate Bonds issued pursuant to this Indenture; and

WHEREAS, the Hotel is being managed by Hyatt Corporation pursuant to the terms and provisions of the Hotel Operating Agreement; and

WHEREAS, in order to facilitate the deposit of revenues from the Hotel and the payment of the operating expenses of the Hotel, a custodian lockbox account has been established at the Depository Bank pursuant to the Cash Management and Lockbox Agreement entered into by and among the Authority, the Trustee, the Manager and the Depository Bank; and

WHEREAS, the Authority has determined that the execution and delivery of the Bond Documents will benefit the Bondholders and the Authority, and will provide additional security

for the performance by the Authority and the Manager of their obligations under the Bond Documents; and

WHEREAS, the Trustee has the power to enter into this Indenture and to execute the trust hereby created and has accepted the trust created herein; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as provided in this Indenture, valid and binding special, limited obligations of the Authority and to constitute this Indenture a valid and binding agreement securing the payment of the principal and premium, if any, and interest on the Bonds have been done and performed, and the execution and delivery of this Indenture and the execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

GRANTING CLAUSES

The Authority, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Registered Owners thereof and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the Debt Service on the Bonds, and the performance and observance by the Authority of all the covenants expressed or implied herein, in the Bonds, does hereby grant, convey, mortgage, create a security interest in, pledge and assign to the Trustee, the following (the "Trust Estate") for the purpose of establishing a trust for the benefit of the parties named below (the "Trust"):

FIRST GRANTING CLAUSE

Subject to the provisions set forth below and the rights of the Authority and the Manager to use such amounts in accordance with the terms of the Management Agreement, the Cash Management Agreement and this Indenture, all of the Authority's right, title and interest in and to all amounts on deposit in or required from time to time to be deposited in or credited to the Funds (other than the Excess Revenue Fund, the Authority Fund and the Rebate Fund) to be held by the Trustee hereunder in the Trust and all amounts that constitute Gross Operating Revenues on deposit in or required from time to time to be deposited in or credited to the Lockbox Fund to be held by the Depository Bank under the Cash Management Agreement, all in accordance with this Indenture, the Cash Management Agreement and the Management Agreement, together with any investments and reinvestments made with such amounts and the proceeds thereof (except the Excess Revenue Fund, the Authority Fund and the Rebate Fund); and

SECOND GRANTING CLAUSE

Subject to the provisions set forth below and the rights of the Authority and the Manager to use such amounts in accordance with the terms of the Management Agreement, the Cash Management Agreement and the Indenture, all of the Authority's right, title and interest in and to the Project, the Transaction Documents, including all rents and revenues derived therefrom and all Gross Revenues, together with all rights, powers, privileges, options and other benefits of the Authority contained therein, and all rights, titles, interests, liens, privileges, claims, demands and equities held by the Authority existing and to exist in connection with or as security for the payment of the Debt Service on the Bonds when due and all amounts (other than amounts in, or

required to be deposited in, the Excess Revenue Fund, the Authority Fund and the Rebate Fund) to be received from the Project; and

THIRD GRANTING CLAUSE

Subject to the provisions set forth below, any and all property (other than amounts in, or required to be deposited in, the Excess Revenue Fund, the Authority Fund, funds of the Authority which are not held by the Depository Bank or the Trustee, and the Rebate Fund) of every kind or description now or hereafter owned by the Authority, or which may now or hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with, the Trustee by or on behalf of the Authority (including the Economic Development Payments) as additional security hereunder, or which pursuant to any of the provisions of the Bond Documents may come into the possession or control of the Trustee or the Depository Bank, or of a receiver lawfully appointed pursuant to this Indenture, as such additional security, including, without limitation, any insurance proceeds or any condemnation awards; and the Trustee is hereby authorized to receive all such property as additional security for the payment of the Bonds, and to hold and apply all such property subject to the terms of this Indenture and the Cash Management Agreement.

TO HAVE AND TO HOLD the Trust Estate in trust, whether now owned or held or hereafter acquired, unto the Trustee, its successors and assigns, forever;

IN TRUST NEVERTHELESS, for the equal and proportionate benefit and security of all present and future Registered Owners without preference of any Bond over any other, but with such preferences, privileges, priorities and distinctions among the Senior Bonds and the Subordinate Bonds, as are herein set forth, and for enforcement of the payment of the Bonds in accordance with their terms and this Indenture, and all other sums payable hereunder or on the Bonds and for the performance of and compliance with the provisions of this Indenture as if all the Bonds at any time Outstanding had been authenticated, executed and delivered simultaneously with the execution and delivery of this Indenture, all as herein set forth; provided, however, that if the Authority, its successors or assigns shall well and truly pay or cause to be paid fully and promptly when due all indebtedness, liabilities, obligations and sums at any time secured hereby, including interest and attorneys' fees, and shall promptly, faithfully and strictly keep, perform and observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, then and in such event this Indenture shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect.

PROVIDED, HOWEVER, that the grant, conveyance, pledge and assignment made in the Second and Third Granting Clauses of this Indenture are intended for the aforesaid security purposes only, and, except as otherwise provided in the remaining provisions of this Indenture, nothing in the Granting Clauses of this Indenture shall prohibit the Trustee from bringing any actions or proceedings for the enforcement of the obligations of the Authority hereunder except that nothing in this provision shall prejudice the rights of the Trustee under Articles IX and X hereof; provided further that the priority of payment and the source for the repayment of the Debt Service on the Senior Bonds and the Subordinate Bonds shall be subject to the terms as set forth herein, including without limitation Article V hereof; and provided further that the right to direct

remedies following an Event of Default shall be limited to the Majority of Affected Holders to the extent provided and as set forth in Article IX hereof.

IT IS HEREBY COVENANTED, DECLARED AND AGREED that this Indenture creates a continuing lien on the Trust Estate equally and ratably to secure the payment in full of the Debt Service on all Bonds, subject to the terms and priority set forth herein, which may, from time to time, be Outstanding hereunder, subject to the terms and priority set forth herein, and that the Bonds are to be issued, authenticated and delivered, and that the Trust Estate is to be held, dealt with and disposed of by the Trustee upon and subject to the express terms, covenants, conditions, uses, agreements and trusts set forth in this Indenture.

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Capitalized terms have the meanings assigned to such terms in the Amended and Restated Master Glossary of Terms for Denver Convention Center Hotel Authority Convention Center Hotel Revenue Bond Transaction dated as of November 1, 2016, attached as Exhibit A hereto and incorporated herein.

Section 1.02. Table of Contents, Titles and Headings. The table of contents, titles and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.03. Interpretation and Construction. For purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Indenture to designated “Articles,” “Sections,” “subsections,” “paragraphs,” “clauses” and other subdivisions are to the designated Articles, Sections, subsections, paragraphs, clauses and other subdivisions of this Indenture. The words “herein,” “hereof,” “hereto,” “hereby,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

(b) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with Generally Accepted Accounting Principles as in effect from time to time.

(c) The term “money” includes any cash, check, deposit, Investment Security or other form in which any of the foregoing are held hereunder.

(d) Every “request,” “order,” “demand,” “application,” “appointment,” “notice,” “statement,” “certificate,” “consent” or similar action hereunder by the Authority, the Manager, the Trustee, the City or any other Fiduciary shall, unless

otherwise specifically provided, be in writing signed by an officer or other agent of such party authorized to sign the same on behalf of the applicable entity.

(e) In the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and each of the words “to” and “until” means “to but excluding.”

(f) This Indenture and all terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Indenture.

(g) To the extent any inconsistencies exist between any of the provisions contained in this Indenture, the more specific provisions shall control over the more general provisions.

Section 1.04. Content of Certificates and Opinions. Every certificate or opinion (other than legal opinions) provided for in this Indenture with respect to compliance with any provision hereof shall be made on behalf of the entity named therein and not made individually by the person signing such certificate and shall include (a) a statement that the person making or giving such certificate or opinion, on behalf of the entity named therein and not individually, has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the entity’s certificate or opinion is based; (c) a statement that the entity has made or caused to be made such examination or investigation as is necessary to enable the entity to express an informed opinion with respect to the subject matter referred to in the certificate or opinion which such entity is delivering; and (d) a statement as to whether, in the opinion of such entity, such provision has been complied with.

Any such certificate or opinion made or given by an officer on behalf of the Authority may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an accountant, unless the Authority knows that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority) upon a certificate or opinion of or representation by an officer of the Authority on behalf of the Authority, unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such Person’s certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel or accountants may certify to different matters, respectively.

ARTICLE II

SECURITY FOR THE BONDS

Section 2.01. Pledge of Trust Estate. Pursuant to the Granting Clauses contained herein, the Authority does hereby grant, convey, mortgage, create a security interest in, pledge and assign to the Trustee as trustee for the benefit of all beneficiaries hereunder, the Trust Estate as provided herein.

Section 2.02. Time of Pledge. The pledge of the Trust Estate pursuant to the provisions of this Indenture shall be effective from and after the payment for and delivery of any Bonds hereunder.

Section 2.03. Declaration. It is hereby expressly declared that the Trust Estate hereby pledged is to be applied, disbursed, dealt with and disposed of under, upon and subject to the terms, conditions, covenants, agreements, uses and purposes set forth in this Indenture.

Section 2.04. Special, Limited Obligations of the Authority. Notwithstanding any other provision hereof, the Bonds issued hereunder and any other obligations of the Authority under this Indenture shall be special, limited obligations of the Authority payable solely from the Trust Estate in accordance with this Indenture and any applicable Supplemental Indenture.

NOTWITHSTANDING ANY PROVISION OR INFERENCE CONTAINED HEREIN OR IN ANY OTHER BOND DOCUMENT OR TRANSACTION DOCUMENT, THE BONDS SHALL BE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR AS PROVIDED IN THIS INDENTURE. THE OBLIGATIONS OF THE AUTHORITY TO THE REGISTERED OWNERS OF THE BONDS ARE LIMITED SOLELY TO THE TRUST ESTATE AS DESCRIBED IN THIS INDENTURE. THE AUTHORITY HAS NO TAXING POWER.

THE BONDS SHALL NEVER CONSTITUTE A DEBT, INDEBTEDNESS OR MULTIPLE-FISCAL YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION WHATSOEVER OF THE CITY AND COUNTY OF DENVER WITHIN THE MEANING OF ANY PROVISION OR LIMITATION OF THE COLORADO CONSTITUTION OR STATUTES OR THE HOME RULE CHARTER OR ORDINANCES OF THE CITY AND COUNTY OF DENVER AND SHALL NOT CONSTITUTE OR GIVE RISE TO ANY PECUNIARY OBLIGATION OF THE CITY AND COUNTY OF DENVER OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS.

ARTICLE III

AUTHORIZATION AND ISSUANCE OF BONDS, GENERAL TERMS AND PROVISIONS OF THE BONDS

Section 3.01. Authorization of Bonds.

(a) The Authority hereby authorizes the issuance of Bonds, to be designated as its "Convention Center Hotel Revenue Bonds," for the purpose of financing and refinancing the acquisition, construction, equipping and operation of the Project. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under this Indenture is not limited except as may be provided herein or in any Supplemental Indenture or as may be limited by law, including the Ordinance.

(b) The Bonds may, as provided herein and in one or more Supplemental Indentures, be issued in one or more Series, and the designation thereof, in addition to the name "Convention Center Hotel Revenue Bonds" and an identification of whether such Bonds constitute Senior Bonds or Subordinate Bonds, shall include such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series, as the Authority may determine. Each Bond shall bear upon its face the designation so determined for the Series and whether such Bond constitutes a Senior Bond or Subordinate Bond.

(c) The Bonds shall be issued in such form as may be provided herein or by Supplemental Indenture, and each Bond issued hereunder shall contain on its face a statement to the effect set forth in Section 2.04 hereof.

(d) There are hereby authorized to be issued and shall be issued under and secured by this Indenture a series of Senior Bonds designated as "Denver Convention Center Hotel Authority Convention Center Hotel Senior Revenue Refunding Bonds, Series 2016" in an aggregate principal amount of \$[AMOUNT].

Section 3.02. Provisions for Issuance of Bonds.

(a) All (but not less than all) the Bonds of each Series shall be executed by the Authority for issuance under this Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered upon the order of the Authority, but only upon the receipt by the Trustee of the following items (which upon receipt the Trustee may conclusively rely in determining whether the conditions precedent for the issuance and authentication of any Series of Bonds have been satisfied):

(i) with respect to the Series 2016 Bonds, an executed copy of this Indenture;

(ii) an opinion of Bond Counsel in customary form to the effect that, as of its date (A) this Indenture and, with respect to Additional Bonds, the Supplemental Indenture authorizing the Additional Bonds of such Series have been duly authorized, executed and delivered by the Authority, are valid and

binding obligations of the Authority; (B) the Bonds of such Series have been duly authorized and executed by the Authority and are entitled to the benefits and security of this Indenture and, with respect to Additional Bonds, the corresponding Supplemental Indenture, (C) the Bonds of such Series are valid and binding special, limited obligations of the Authority, payable solely from the Trust Estate in accordance with this Indenture and, with respect to Additional Bonds, the corresponding Supplemental Indenture; provided, however, that such opinion may include exceptions for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization, or other laws affecting creditors' rights generally, matters relating to equitable or governmental principles and other exceptions or qualifications appropriate in the circumstances and (D) if applicable, interest on the Bonds of such Series is excluded from gross income for federal income tax purposes;

(iii) a written order, signed by an Authorized Authority Representative, instructing the Trustee as to the delivery of such Bonds;

(iv) in the case of each Series of Additional Bonds, an executed copy of the Supplemental Indenture authorizing such Bonds which shall, among other provisions, specify:

(A) the authorized principal amount, designation and Series of such Bonds and whether such Bonds constitute Senior Bonds or Subordinate Bonds;

(B) the dated date and the maturity date or dates of the Bonds of such Series;

(C) the interest rate or rates, if any, or the manner of determining such interest rate or rates, on the Bonds of such Series and the Interest Payment Date or Dates thereof; provided; however, that the Interest Payment Date for any Additional Bonds issued as Senior Bonds shall be the same as any Outstanding Senior Bonds and the Interest Payment Date for any Additional Bonds issued as Subordinate Bonds shall be the same as any Outstanding Subordinate Bonds;

(D) the denominations of and the manner of dating, numbering and lettering the Bonds of such Series;

(E) any capitalized interest requirements (or the method of determining the same) for the Bonds of such Series;

(F) any Registrar or other Fiduciary required in respect of the Bonds of such Series;

(G) the Redemption Prices, if any, and the redemption or purchase terms, for the Bonds of such Series;

(H) the amount and due date of each Sinking Fund Installment, if any, for Bonds of like maturity of such Series;

(I) the form of the Bonds of such Series;

(J) the purpose for which such Series of Additional Bonds is being issued;

(K) the application of the proceeds of the sale of such Bonds including the amount, if any, to be deposited in the Funds and Accounts established hereunder; and

(L) any other provisions deemed advisable by the Authority and not in conflict with the provisions of this Indenture;

(v) such further opinions and instruments as are required by or pursuant to the provisions of this Indenture or any Supplemental Indenture; and

(vi) a certified copy of the resolution adopted by the Board of the Authority authorizing the issuance and delivery of such Bonds.

(b) One or more Series of Refunding Bonds may be issued, authenticated and delivered to refund all or any portion of the Outstanding Bonds of one or more Series. Each Series of Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding including providing amounts for the costs incidental to or connected with any such Refunding Bonds including, without limitation, any amounts due and owing to the City, and the making of any deposits into any applicable reserve fund and any of the funds and accounts required by the provisions of the Supplemental Indenture authorizing such Series of Refunding Bonds. Refunding Bonds of each Series shall be executed by the Authority for issuance under this Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee or any Authenticating Agent and by it delivered upon the order of the Authority, but only upon the receipt by the Trustee of the following items (upon which receipt the Trustee may conclusively rely in determining whether the conditions precedent for the issuance and authentication of such Series of Refunding Bonds have been satisfied):

(i) the opinions and instruments referred to in subsection (a) of this Section;

(ii) if less than all of the Bonds then Outstanding are being refunded, a certificate of an Authorized Authority Representative dated as of the date of issuance of such Series of Refunding Bonds stating that there exists no Event of Default hereunder or event which would constitute an Event of Default upon notice and failure to cure pursuant to Section 9.02 hereof;

(iii) if any Bonds or portions thereof to be refunded are to be called for redemption, a Letter of Instructions containing irrevocable instructions to the

Trustee, satisfactory to it, requiring that due notice be given of the redemption of the Bonds or portions thereof to be refunded on a Redemption Date specified in such instructions;

(iv) a Letter of Instructions containing irrevocable instruction to the Trustee, satisfactory to it, requiring that such other notice be given to the Registered Owners of the Bonds being refunded as may be required by this Indenture;

(v) evidence satisfactory to the Trustee that the deposit of moneys and/or Defeasance Investment Securities required by Section 8.02 hereof has been made;

(vi) evidence satisfactory to the Trustee that no amendments or supplements will be made to this Indenture in connection with the issuance of the Refunding Bonds which would otherwise require the prior written consent of any of the Registered Owners of any Bonds to remain Outstanding after the issuance of such Refunding Bonds, under Article XI hereof or, if any such amendments or supplements requiring such consents are being made to this Indenture, that such prior written consents have been obtained;

(vii) receipt by the Trustee of one of the following:

(A) a Certificate of Reduction in Debt Service;

(B) if such Refunding Bonds are Senior Bonds, a Consultant's Certificate stating that either (I) the Debt Service Coverage Ratio for the Senior Bonds and the Subordinate Bonds during the two Fiscal Years preceding the date of issuance of such Additional Bonds, were not less than 1.75:1.00 and 1.10:1.00, respectively, and the Projected Additional Bonds Debt Service Coverage Ratio for the Senior Bonds and the Subordinate Bonds, taking into account the Refunding Bonds proposed to be issued and all Outstanding Bonds (other than the Bonds proposed to be refunded with proceeds of such Refunding Bonds), is not less than the 1.75:1.00 and 1.10:1.00, respectively, for each and every Fiscal Year succeeding the date of issuance of such Refunding Bonds; or (2) (I) proceeds of such Refunding Bonds, together with any other amounts available hereunder for such purpose, are sufficient to redeem and defease all of the Senior Bonds that were Outstanding immediately prior to the issuance of such Refunding Bonds and (II) the Projected Additional Bonds Debt Service Coverage Ratio for the Subordinate Bonds, taking into account the Refunding Bonds proposed to be issued and all Outstanding Bonds (other than the Bonds proposed to be refunded with proceeds of such Refunding Bonds), is not less than 1.10:1.00 for each and every Fiscal Year succeeding the date of issuance of such Refunding Bonds; or

(C) if such Refunding Bonds are Subordinate Bonds, a Consultant's Certificate stating that either (I) the Projected Additional

Bonds Debt Service Coverage Ratio for the Subordinate Bonds, taking into account the Refunding Bonds proposed to be issued and all Outstanding Bonds (other than the Bonds proposed to be refunded with proceeds of such Refunding Bonds), is not less than 1.10:1.00, for each and every Fiscal Year succeeding the date of issuance of such Refunding Bonds, or (2) proceeds of such Refunding Bonds, together with any other amounts available hereunder for such purpose, are sufficient to redeem and defease all of the Subordinate Bonds that were Outstanding immediately prior to the issuance of such Refunding Bonds; and

(viii) such further opinions and instruments as are required by the provisions of Articles XI or XII hereof or by the provisions of any Supplemental Indenture.

(c) One or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for the purpose of financing or refinancing (excluding Refunding Bonds) the construction, installation and equipping of renovations, betterments or improvements (which may include additions or expansions to the Hotel, including without limitation additional meeting space at a location other than the Site, but will not include a second hotel) to the Project. Additional Bonds of a Series issued for such purposes shall be issued in a principal amount not to exceed, together with other moneys available therefore, the Authority's estimate of the reasonable Costs of the Project to be financed or refinanced with the proceeds of the sale of such Series of Additional Bonds, including providing amounts for the costs incidental to or connected with any such Bonds and the making of any deposits into any applicable reserve fund and any of the funds and accounts required by the provisions of the Supplemental Indenture authorizing such Series of Additional Bonds. Additional Bonds of each Series, which do not otherwise constitute Refunding Bonds under subsection (b) of this Section, shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the opinions and instruments required by subsection (a) and (b)(vi) of this Section) of the following items (upon which receipt the Trustee may conclusively rely in determining whether the conditions precedent for the issuance and authentication of such Series of Additional Bonds have been satisfied):

(i) a certificate of an Authorized Authority Representative dated as of the date of issuance of such Series of Additional Bonds stating that there exists no Event of Default hereunder or event which would constitute an Event of Default upon notice and failure to cure pursuant to Section 9.02 hereof and that the final maturity date for such Series of Additional Bonds does not extend beyond the final payment date for the scheduled Economic Development Payments by the City under the Economic Development Agreement;

(ii) if such Additional Bonds constitute Senior Bonds, a Consultant's Certificate stating that the Debt Service Coverage Ratio for the Senior Bonds and the Subordinate Bonds during the two Fiscal Years preceding the date of issuance of such Additional Bonds, were not less than 1.75:1.00 and 1.10:1.00, respectively, during each of such two preceding Fiscal Years and that the

Projected Additional Bonds Debt Service Coverage Ratio for the Senior Bonds and the Subordinate Bonds, taking into account the Additional Bonds proposed to be issued and all Outstanding Bonds, is not less than the 1.75:1.00 and 1.10:1.00, respectively, for each and every Fiscal Year succeeding the date of issuance of such Additional Bonds;

(iii) if such Additional Bonds constitute Subordinate Bonds, an Accountant's Certificate stating that the Debt Service Coverage Ratio for the Subordinate Bonds during the two Fiscal Years preceding the date of issuance of such Additional Bonds, was not less than 1.10:1.00 during each of such two preceding Fiscal Years and that the Projected Additional Bonds Debt Service Coverage Ratio for Subordinate Bonds, taking into account the Additional Bonds proposed to be issued and all Outstanding Bonds is not less than 1.10:1.00 for each and every Fiscal Year succeeding the date of issuance of such Additional Bonds;

(iv) written confirmation from each Rating Agency that its rating on the Senior Bonds Outstanding (without regard to any credit enhancement) will be at least an "investment grade" rating upon the issuance of such Additional Bonds; and

(v) such further opinions and instruments as are required by the provisions of Article XI or XII hereof or by the provisions of any Supplemental Indenture.

(d) Notwithstanding any provision of this Indenture to the contrary, the Authority may (i) issue bonds or incur other obligations on a subordinate basis to the Bonds as set forth in Section 12.01 hereof and (ii) issue Additional Bonds which constitute either Senior Bonds or Subordinate Bonds in the principal amount not to exceed 10% of the aggregate principal amount of the Series 2016 Bonds originally issued by the Authority, the proceeds of which are required to pay amounts reasonably determined by the Authority to be required to be made to protect life, health or property from imminent danger or to comply with Legal Requirements.

(e) Notwithstanding any provision of this Indenture to the contrary, the Authority may incur or issue Short Term Indebtedness to fund any projected or actual Cash Flow Deficits secured by and payable from a pledge of and first lien on Gross Operating Revenues provided that the aggregate principal amount of Short Term Indebtedness that may be outstanding at any one time shall not exceed 30% of the current Operating Year's budgeted Gross Operating Revenues and the Authority shall have provided the Trustee with a Consultant's Certificate stating that the Gross Operating Revenues to be received during the 13-month period succeeding the issuance of such Short Term Indebtedness is expected to be sufficient to repay such Short Term Indebtedness in full. Such Short Term Indebtedness shall not be secured by a pledge of or lien on any other portion of the Trust Estate including, without limitation, the Project, and shall not be entitled to any of the rights or benefits granted to the Registered Owners herein, including, without limitation, the right to declare an Event of Default hereunder

and to exercise the remedies set forth herein. Net proceeds of Short Term Indebtedness shall only be used to pay Operating Expenses.

(f) In making any calculations pursuant to this Section, the Authority may assume that amounts then on deposit in the Senior Debt Service Reserve Fund with respect to any Series of Senior Bonds will be available to pay principal on the final maturity date of such Series of the Senior Bonds.

Section 3.03. Application of Bond Proceeds and Other Funds.

(a) Proceeds from the sale of the Series 2016 Bonds (less an Underwriter's discount of \$_____, less the Underwriter's expenses of \$_____, plus a net original issue premium of \$_____, constituting the amount of \$_____ shall be applied as follows:

(i) \$_____ shall be deposited into the Senior Redemption Account in the Debt Service Fund and used to defease and pay the Series 2006 Bonds in accordance with the Original Indenture; and

(ii) the remainder shall be deposited into the Series 2016 Costs of Issuance Account and applied to the payment of Costs of Issuance.

(b) The proceeds, including accrued interest, if any, of Additional Bonds together with any other moneys provided by the Authority, shall be applied simultaneously with the delivery of such Bonds in the manner provided in the Supplemental Indenture authorizing such Series of Additional Bonds.

(c) On the Closing Date for the Series 2016 Bonds, all of the amounts on deposit in the Funds and Accounts originally created and maintained by the Trustee under the 2006 Indenture shall remain on deposit therein; provided however, that the Trustee shall transfer (i) an amount equal to \$5,250,000 then on deposit in the Senior Special Debt Service Reserve Fund to the Excess Revenue Fund; (ii) all amounts in excess of \$5,250,000 then on deposit in the Senior Special Debt Service Reserve Fund to the Senior Redemption Account in the Debt Service Fund; (iii) an amount equal to \$500,000 then on deposit in the Employee Bonus Pool Reserve Fund to the Lockbox Fund; (iv) all amounts in excess of \$500,000 then on deposit in the Employee Bonus Pool Reserve Fund to the Senior FF&E/CapEx Reserve Fund; (v) all amounts then on deposit in the Senior FF&E/CapEx Reserve Fund and the Senior CapEx Reserve Fund to the Senior FF&E/CapEx Reserve Fund; (vi) all amounts then on deposit in the Cash Trap Fund to the Primary Cash Trap Fund; and (vii) all amounts then on deposit in the Senior Debt Service Account to the Senior Redemption Account in the Debt Service Fund. In addition, the Manager Letter of Credit on deposit in the Operating Reserve Fund shall be cancelled by the Trustee and returned to the Manager. All other amounts held in the Funds and Accounts under the 2006 Indenture shall remain on deposit therein under this Indenture.

Section 3.04. Medium of Payment; Form and Date; Letter and Numbers.

(a) The Bonds shall be payable, as to principal, Accreted Value, Redemption Price and interest in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest on the Series 2016 Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on any Series of Additional Bonds shall be computed as provided in the Supplemental Indenture authorizing such Series of Additional Bonds.

(b) Each Series 2016 Bond shall be issued only as a fully registered bond. Each Series 2016 Bond shall be substantially in the form of Exhibit B hereto, with such changes therein which are not inconsistent with this Indenture, as are approved by the Authorized Authority Representative executing the Series 2016 Bonds (whose manual or facsimile signature on such Series 2016 Bonds shall constitute conclusive evidence of his or her approval of any such changes appearing thereon). Additional Bonds may be issued in such form or forms as shall be provided in the Supplemental Indenture authorizing such Series of Additional Bonds.

(c) The Series 2016 Bonds shall be numbered consecutively from R-1 and upward, or in such other manner as the Authority, with the concurrence of the Trustee, shall determine. The Trustee shall insert the date of authentication of each Bond in the place provided for such purpose in the form of certificate of authentication of the Trustee to be printed on each Bond. If interest on the Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full on the Bonds surrendered. Each Additional Bond shall be lettered and numbered as provided in this Indenture or the Supplemental Indenture authorizing the Series of which such Additional Bond is a part and so as to be distinguished from every other Bond.

(d) (i) The Series 2016 Bonds shall be dated November __, 2016, shall be issued in Authorized Denominations, shall mature on December 1 of the years and in the amounts set forth below, and shall bear interest, payable semiannually on each June 1 and December 1, beginning June 1, 2017, at the rate per annum as set forth below for each such maturity:

Maturity Date (December 1)	Principal Amount	Interest Rate
2017	\$	
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		

Maturity Date (December 1)	Principal Amount	Interest Rate
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
Total	\$	

Each Series 2016 Bond shall bear interest (A) from its date if such Series 2016 Bond is authenticated prior to June 1, 2017, or (B) otherwise from the Interest Payment Date that is, or immediately precedes, the date on which such Series 2016 Bond is authenticated; provided, however, that if at the time of authentication of any Series 2016 Bond payment of interest is in default, such Series 2016 Bond shall bear interest from the date to which interest has been paid. If any principal of or interest on any Series 2016 Bond is not paid when due (whether by maturity, by acceleration or call for redemption or otherwise), then the overdue installments of principal shall bear interest until paid at the same rate set forth in such Series 2016 Bond.

(ii) Additional Bonds of each Series shall be dated, and bear interest from, such date or dates as shall be provided in the Supplemental Indenture authorizing such Series of Additional Bonds.

(e) The following provisions apply to the Series 2016 Bonds (unless otherwise provided in any arrangements with DTC as set forth in Section 3.13 hereof with respect to the Series 2016 Bonds) and all Additional Bonds or unless a Supplemental Indenture provides otherwise:

(i) interest on Bonds of any Series other than interest payable at maturity or on a Redemption Date shall be paid to the Person in whose name such Bond is registered on the Register at the close of business on the Record Date for such Interest Payment Date; payment of interest on Bonds other than interest payable at maturity or on a Redemption Date shall be made by check or draft of the Trustee mailed to the Registered Owners thereof at their addresses set forth in the Register as of the Record Date, or by wire transfer to Registered Owners of \$1,000,000 or more in aggregate principal amount of Bonds at such wire transfer address in the United States as such Registered Owner shall specify in writing

requesting payment by wire transfer delivered to the Trustee prior to the Record Date;

(ii) payment of interest on Bonds at maturity or on a Redemption Date shall be paid upon presentation and surrender of such Bonds at the Trustee's designated office; and

(iii) principal or Accreted Value of the Bonds shall be payable by check in lawful money of the United States of America at the Trustee's designated office in accordance with the notice provisions of this Indenture; no payment of principal or Accreted Value shall be made on any Bond unless and until such Bond is tendered to the Trustee for cancellation; provided that the Trustee may agree with the Registered Owner of any Bond or Bonds that such Registered Owner may, in lieu of surrendering the same for a new Bond, endorse on such Bond a record of partial payment of the principal of such Bond in the form set forth below (which shall be typed or printed on such Bond):

Payments on Account of Principal

Payment Date	Principal Amount Paid	Balance of Principal Amount Unpaid	Signature of Registered Owner
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The Trustee shall maintain a record of each such partial payment made in accordance with the foregoing agreement and such record shall be conclusive. Such partial payment shall be valid upon payment of the amount thereof to the Registered Owner of such Bond, and the Authority and the Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon such Bond by the Registered Owner thereof and irrespective of any error or omission in such endorsement.

(f) The Secretary of the Authority is hereby authorized to have control of the Bonds and all necessary records and proceedings pertaining to the Bonds pending their delivery to each of the Original Purchasers. Only such Bonds as shall have endorsed thereon a certificate of authentication, substantially in the form set forth in Exhibit B hereto with respect to the Series 2016 Bonds, and in the form set forth in the Supplemental Indenture authorizing Additional Bonds with respect to Additional Bonds, dated as of the date of authentication and duly authenticated by an Authorized Officer of the Trustee or the Authenticating Agent shall be entitled to any right, security or benefit under this Indenture. All Bonds need not be authenticated by the same Authorized Officer of the Trustee or the Authenticating Agent. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by an Authorized Officer of the Trustee or the Authenticating Agent, and such executed certificate upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture and that the Registered Owner

thereof is entitled to the benefits of the trust hereby created. The Trustee's or Authenticating Agent's certificate of authentication on any Bond shall be deemed to have been duly executed by it if (i) signed by an Authorized Officer or signatory of the Trustee or the Authenticating Agent, but it shall not be necessary that the same Authorized Officer or signatory sign the certificate of authentication on all of the Bonds or on all of the Bonds of any Series issued hereunder and (ii) the date of authentication of the Bond is inserted in the place provided therefor on the certificate of authentication.

Section 3.05. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission, brokerage board, municipal securities rulemaking board or otherwise or as may be required by the Ordinance.

Section 3.06. Execution, Authentication and Registration. The Bonds shall be signed in the name of the Authority by the President or by such other Authorized Authority Representative by his or her manual or facsimile signature, and the Authority's corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the Secretary or Assistant Secretary of the Authority. In case any such Authorized Authority Representative who may have signed any of the Bonds shall cease to hold such office before the Bonds so signed shall have been authenticated and delivered by the Trustee or a duly authorized Authenticating Agent, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the person who signed such Bonds had not ceased to hold such office.

Section 3.07. Exchange of Bonds. Except as otherwise provided in Section 3.08 hereof and in any Supplemental Indenture, Bonds, upon surrender thereof at the designated office of the Registrar, when surrendered with a written request satisfactory to the Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized attorney, may, at the option of the Registered Owner thereof, and upon payment by such Registered Owner of any charges which the Registrar or the Authority may make as provided in Section 3.09 hereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and interest rate and in any Authorized Denomination.

Section 3.08. Negotiability, Transfer and Registry. Unless otherwise provided in any Supplemental Indenture, Bonds shall be transferable only upon the Register, which shall be kept for that purpose at the designated office of the Registrar for such Series of Bonds, by the Registered Owner thereof, in person or by the Registered Owner's attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized attorney.

The Registrar shall keep, or cause to be kept, on behalf of the Authority at the designated office of the Registrar or such other location or locations as shall be provided in any Supplemental Indenture, the Register, in which, subject to such reasonable regulations as the Authority, the Trustee and the Registrar may prescribe, the Registrar shall cause Bonds to be registered and shall transfer Bonds as in this Article provided. The Register shall contain the

name and address of the Registered Owner of each Bond as well as the name and address of each Beneficial Owner to the extent such Beneficial Owner provides such information to the Registrar. Upon the transfer of any such Bond and payment of any required fees, the Registrar shall deliver in the name of the transferee a new fully registered Bond or Bonds of the same aggregate principal amount, Series, maturity and interest rate as the surrendered Bond or Bonds and only in Authorized Denominations.

The Authority and any Fiduciary, including the Trustee, may deem and treat the person in whose name any Bond shall be registered in the Register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price of and interest on such Bond and for all other purposes, and all such payments so made to any such Registered Owner or upon the Registered Owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and the Authority and any Fiduciary, including the Trustee, shall not be affected by any notice to the contrary.

Section 3.09. Regulations with Respect to Exchanges and Transfers. Except as otherwise provided in any Supplemental Indenture, in all cases in which the privilege of exchanging or transferring Bonds is exercised, the Authority shall execute and the Trustee or the duly authorized Authenticating Agent shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All registered Bonds surrendered in any exchange or transfer shall forthwith be canceled by the Trustee or the duly authorized Authentication Agent. For every such transfer of Bonds pursuant to Section 3.08 hereof, whether temporary or definitive, the Authority, the Trustee, the Registrar and any Authenticating Agent may make a charge sufficient to reimburse it or them for any expense, tax, fee or other governmental charge required to be paid with respect to such transfer. In addition for every exchange of Bonds (other than the exchange of temporary Bonds for definitive Bonds), the Authority, the Trustee, the Registrar and any Authenticating Agent may make reasonable charges to cover the costs of printing Bonds including any Trustee's, Registrar's or Authenticating Agent's charges in connection therewith. The payment of the sum or sums provided in this Section shall be made by the Registered Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Registrar shall not be required to transfer or exchange Bonds for a period from the fifteenth day of the month next preceding any Interest Payment Date of such Bond through such Interest Payment Date nor to transfer or exchange any Bond after the making of notice calling such Bond or portion thereof for redemption has been given as herein provided nor during the period of 15 days next preceding the giving of such notice.

Section 3.10. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bonds shall become mutilated or be destroyed, stolen or lost, the Authority shall execute, and thereupon the Trustee or duly authorized Authenticating Agent shall authenticate and deliver, a new Bond of like Series, maturity date, principal amount and interest rate as the Bond so mutilated, lost, stolen or destroyed, provided that (a) in the case of any mutilated Bond, such Bond is first surrendered to the Trustee or duly authorized Authenticating Agent, (b) in the case of any lost, stolen or destroyed Bond, there is first furnished evidence of such loss, theft or destruction satisfactory to the Trustee or duly authorized Authenticating Agent together with indemnity satisfactory to the Trustee or duly authorized Authenticating Agent, (c) all other reasonable requirements of the Authority and the Trustee or duly authorized Authenticating Agent are complied with, and

(d) expenses in connection with such transaction are paid by the Registered Owner. All Bonds so surrendered to the Trustee shall be canceled by it. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Bonds alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits in the Trust Estate with all other Bonds issued under this Indenture, to the same extent provided herein. If, after the delivery of such new Bond, a bona fide purchaser of the original Bond in lieu of which such new Bond was issued presents for payment or registration such original Bond, the Trustee or Authenticating Agent shall be entitled to recover such new Bond from the Person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Authority, the Trustee or any Authenticating Agent in connection therewith.

Section 3.11. Temporary Bonds. Until the definitive Bonds of any Series are prepared, the Authority may execute, in the same manner as is provided in Section 3.06 hereof, and, upon the request of the Authority, the Trustee or any Authenticating Agent shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds except as to denomination, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in Authorized Denominations as provided herein or in a Supplemental Indenture, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Authority at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds, the Trustee or any Authenticating Agent shall authenticate and, without charge to the Registered Owner thereof, deliver in exchange therefor, definitive Bonds of the same aggregate principal amount and Series, maturity and interest rate as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Indenture.

If the Authority shall authorize the issuance of temporary Bonds in more than one denomination, the Registered Owner of any temporary Bond or Bonds may, at said Registered Owner's option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like aggregate principal amount and Series, maturity and interest rate of any other Authorized Denomination or Denominations, and thereupon the Authority shall execute and the Trustee or Authenticating Agent shall authenticate and, in exchange for the temporary Bond or Bonds so surrendered and upon payment of the taxes, fees and charges as provided for in Section 3.09 hereof, shall deliver a temporary Bond or Bonds of like aggregate principal amount, Series, maturity and interest rate in such other Authorized Denomination or Denominations as shall be requested by such Registered Owner.

All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Trustee.

Section 3.12. Cancellation of Bonds. Except as otherwise provided in this Indenture or any Supplemental Indenture, all Bonds paid in full, either at or before maturity, or purchased pursuant to Section 5.07 hereof, shall be delivered to the Trustee when such payment or purchase

is made, and such Bonds shall thereupon be promptly canceled. Bonds so canceled shall thereafter be treated in accordance with the Trustee's document retention policies.

Section 3.13. Depository for Series 2016 Bonds.

(a) The Series 2016 Bonds shall be initially executed and delivered in the form of a separate, single, authenticated, fully registered bond for each separate stated maturity and interest rate for each Series 2016 Bond, each such bond to be in the full principal amount of such Series 2016 Bond with such stated maturity and interest rate. Upon initial execution, authentication and delivery, the ownership of the Series 2016 Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC, the Depository for the Series 2016 Bonds. The Trustee and the Authority may treat DTC (or its nominee) as the sole and exclusive Registered Owner of the Series 2016 Bonds registered in its name for the purposes of payment of the principal and Redemption Price, if any, and interest on the Series 2016 Bonds, selecting the Series 2016 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Registered Owners of Series 2016 Bonds under this Indenture, registering the transfer of Series 2016 Bonds, obtaining any consent or other action to be taken by the Registered Owner of Series 2016 Bonds and for all other purposes whatsoever, and neither the Trustee nor the Authority shall be affected by any notice to the contrary. Neither the Trustee nor the Authority shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Series 2016 Bonds under or through DTC or any Participant, or any other Person, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal or Redemption Price or interest on the Series 2016 Bonds; any notice which is permitted or required to be given to the Registered Owners of the Series 2016 Bonds under this Indenture; the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption of the Series 2016 Bonds; or any consent given or other action taken by DTC (or its nominee) as the Registered Owner of the Series 2016 Bonds. So long as DTC (or its nominee) is the Registered Owner of all Series 2016 Bonds, the Trustee shall pay all principal and Redemption Price, if any, of, and interest on, the Series 2016 Bonds only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal, Redemption Price and interest on the Series 2016 Bonds to the extent of the sum or sums so paid. Except under the conditions specified in subsection (b) of this Section, no Person other than DTC or its nominee shall receive authenticated Series 2016 Bonds. Upon delivery by DTC to the Trustee of written notice to such effect, DTC may substitute a new nominee in place of Cede & Co., or any successor nominee, and subject to the provisions herein with respect to record dates, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(b) If (i) DTC, or any successor as Depository for the Series 2016 Bonds, determines not to continue to act as Depository for the Series 2016 Bonds or (ii) the Authority determines that the incumbent Depository for the Series 2016 Bonds shall no longer so act, and delivers a written certificate of an Authorized Authority Representative to the Trustee to that effect, then the Authority shall discontinue the book-entry system

with the incumbent Depository for the Series 2016 Bonds. If the Authority determines to replace the incumbent Depository for the Series 2016 Bonds with another Depository, the Authority shall prepare or direct the preparation of a new single, separate fully registered Series 2016 Bond for the aggregate outstanding principal amount of Series 2016 Bonds of each maturity and interest rate to be registered in the name of such successor Depository, or its nominee, or make such other arrangements acceptable to the Authority, the Trustee and the successor Depository for the Series 2016 Bonds as are not inconsistent with the terms of this Indenture. If the Authority fails to identify a successor Depository for the Series 2016 Bonds to replace the incumbent Depository, then the Series 2016 Bonds shall no longer be restricted to being registered in the bond register in the name of the incumbent Depository or its nominee, but shall be registered in whatever name or names the incumbent Depository for the Series 2016 Bonds, or its nominee, shall designate in accordance with the provisions of subsection (a) of this Section. In such event the Authority shall, at its expense, prepare, execute, and deliver a sufficient quantity of Series 2016 Bonds to the Trustee for authentication and delivery at the Authority's written direction to carry out the transfers and exchanges provided in this Section and Section 3.09 hereof. All such Series 2016 Bonds shall be in fully registered form in denominations authorized by this Indenture.

(c) Notwithstanding any other provision of this Indenture to the contrary, so long as any Series 2016 Bond is registered in the name of DTC, or its nominee, all payments with respect to principal and Redemption Price of, and interest on, such Series 2016 Bond, and all notices with respect to such Series 2016 Bond, shall be made and given, respectively, as appropriate or necessary with respect to the arrangements made with DTC relating to the Series 2016 Bonds.

(d) In connection with any notice or other communication to be provided to Registered Owners of the Series 2016 Bonds pursuant to this Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Registered Owners of the Series 2016 Bonds, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent practicable.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity shall be redeemable, upon notice as provided in this Article unless a different notice provision is provided for in a Supplemental Indenture, at such Redemption Dates, at such Redemption Prices and upon such terms in addition to the terms contained in this Article, as may be specified herein with respect to the Series 2016 Bonds or in a Supplemental Indenture with respect to any Series of Additional Bonds.

Section 4.02. Redemption at the Option of the Authority.

(a) The Series 2016 Bonds maturing on and after December 1, 20__ shall be subject to redemption at the option of the Authority, in whole or in part on any date on or after December 1, 20__, from any legally available funds, at a Redemption Price equal to the principal amount of the Series 2016 Bonds called for redemption, without premium, plus accrued interest with respect thereto to the date fixed for redemption.

(b) In the case of any redemption of Bonds at the option of the Authority, an Authorized Authority Representative shall give written notice to the Trustee of its election or direction so to redeem, of the Redemption Date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities, and principal amounts thereof to be redeemed shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto as are contained in Section 4.04 hereof). Unless waived by the Trustee, such notice shall be given at least five Business Days prior to the date on which notice of redemption is required to be given to the Registered Owners of the Bonds to be redeemed or within such shorter period as shall be provided by Supplemental Indenture. If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, which moneys are or will be available for redemption of Bonds, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Section 4.03. Redemption Otherwise Than at the Option of the Authority.

(a) The Series 2016 Bonds maturing on December 1, 20[40] are subject to mandatory redemption, at a Redemption Price equal to the principal amount of the Series 2016 Bonds maturing on December 1, 20[40] being redeemed, together with accrued interest thereon to the Redemption Date, pursuant to Sinking Fund Installments on December 1 in each of the years and principal amounts set forth in the table below, except that the Sinking Fund Installments of Series 2016 Bonds maturing on December 1, 20[40] shall be reduced in the manner determined by the Authority by the principal amount of any Series 2016 Bonds maturing on December 1, 20[40] redeemed pursuant to any other optional or mandatory redemption or purchase provision on or before the date on which any such Sinking Fund Installment is due:

Year	Sinking Fund Installment
------	--------------------------

20[40]*

*Final Maturity

(b) The Bonds shall be subject to extraordinary mandatory redemption at the direction of the Authority pursuant to Section 7.24 hereof, in whole or in part on the earliest date following the date for which notice of redemption can be given as provided in this Indenture, at a price equal to the principal amount of Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption (or in the case of Capital Appreciation Bonds, the Accreted Value as of the date fixed for redemption), without premium, from proceeds of insurance (including any title insurance) or condemnation awards permitted or required to be applied to such redemption under Section 7.24 hereof; provided, however, that no Subordinate Bonds shall be redeemed pursuant to this clause (b) until no Senior Bonds remain Outstanding.

(c) Whenever by the terms of this Indenture or any Supplemental Indenture the Trustee is required or authorized to redeem Bonds otherwise than at the option of the Authority, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay, out of moneys available therefor, the Redemption Price thereof, plus interest accrued and unpaid to the Redemption Date, to the Registered Owners of Bonds to be redeemed in accordance with the terms of this Indenture and any Supplemental Indenture.

Section 4.04. Selection of Bonds to be Redeemed. Bonds subject to optional redemption shall be selected in such order of maturity and from such Series of Bonds as the Authority may direct. If less than all of the Bonds of a single maturity within the same Series are to be redeemed, the Bonds of such Series to be redeemed will be selected by lot or other random method by the Trustee in such a manner as the Trustee may determine unless otherwise provided by the Supplemental Indenture authorizing that Series of Additional Bonds; provided, however, that the portion of any Bond of a Series of a denomination greater than the minimum Authorized Denomination for the Bonds of such Series to be redeemed shall be redeemed in part only in Authorized Denominations and that, in selecting portions of Bonds of a Series for redemption, the Trustee shall treat each Bond of such Series as representing that number of Bonds of the minimum Authorized Denomination for such Series which is obtained by dividing the principal amount of such Bond to be redeemed in part by the minimum Authorized Denomination for such Series. In case of any partial redemption during the continuance of an Event of Default, such redemption shall be applied on a pro rata basis to all Outstanding Bonds of the Series called for redemption, without differentiation by maturity or within a maturity.

Section 4.05. Notice of Redemption. Notice of mandatory and optional redemption of Bonds shall be given in accordance with this Section. When the Trustee shall receive notice from the Authority of its election or direction to redeem Bonds pursuant to Section 4.02 hereof, and when redemption of Bonds is authorized or required pursuant to Section 4.03 hereof, the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall specify the Series, maturities and interest rates of the Bonds to be redeemed, the Redemption Date and the place or places where amounts due upon such Redemption Date will be payable and, if less than all of the Bonds of any like Series, maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notices shall also specify

the respective portions of the principal amounts thereof to be redeemed. Such notice shall further state that on such Redemption Date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof, in the case of Bonds to be redeemed in part only, together with interest accrued to the Redemption Date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice of redemption may also be a conditional notice as provided in Section 4.02(b) hereof. The Trustee shall mail a copy of such notice, first class mail postage prepaid, not less than 20 days nor more than 40 days before the Redemption Date (or such shorter period as shall be provided by Supplemental Indenture), to the Registered Owners of any Bonds, or portions of registered Bonds that are to be redeemed, at their last addresses, if any, appearing upon the Register.

In addition to the notice of redemption required pursuant to the preceding paragraph, if any of the Bonds are to be redeemed, then, upon the written request of an Authorized Authority Representative received at least 40 days before the date fixed for redemption, the Trustee shall also give redemption notice at least 20 days before the date fixed for redemption, by (i) registered or certified mail, return receipt requested, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Securities Depositories and/or Information Services specified by the Authority.

Failure to give the notices described in this Section, or any defects therein, shall not in any manner affect the validity of any proceedings for redemption of any other Bonds for which such notice has been duly given. Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bonds or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers.

Section 4.06. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 4.05 hereof, the Bonds or portions thereof so called for redemption shall become due and payable on the Redemption Date so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date, upon presentation and surrender thereof at the office specified in such notice. If there shall be called for redemption less than all of the principal or Accreted Value of any Bond, the Authority shall execute and the Trustee or the Authenticating Agent shall authenticate, upon the surrender of such Bond, without charge to the Registered Owner thereof, for the unredeemed balance of the principal amount or Accreted Value of the Bond so surrendered, Bonds of like Series, maturity and interest rate in any Authorized Denomination. If, on the Redemption Date, moneys for the redemption of all the Bonds or portions thereof of any like Series, maturity and interest rate to be redeemed, together with interest to the Redemption Date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date interest on the Bonds or portions thereof of such Series, maturity and interest rate so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the Redemption Date, such Bonds or portions thereof shall continue to bear or accrete interest until paid at the same rate as they would have borne or accreted interest had they not been called for redemption.

Section 4.07. Purchase of Bonds by Authority. In lieu of depositing cash with the Trustee as a payment with respect to any Bonds of any maturity, the Authority shall have the option to tender to the Trustee for cancellation at least 45 days prior to the maturity date or a sinking fund redemption date applicable to such Bonds any amount of Bonds of such maturity and interest rate purchased by the Authority, which Bonds may be purchased by or upon the direction of the Authority at public or private sale as and when and at such prices which reflect the current market price thereof, plus accrued interest thereon, as the Authority may in its discretion determine from moneys held by the Trustee hereunder that are available for such purpose. The par amount of any Term Bonds of a maturity and interest rate so purchased by or upon the direction of the Authority and tendered to the Trustee in any 12-month period ending on October 1 in any calendar year shall be credited towards and shall reduce the next mandatory sinking fund payments required to be made with respect to Term Bonds of such maturity and interest rate in the order in which they are required to be made pursuant to this Indenture.

Section 4.08. Modification by Supplemental Indenture. The provisions of this Article may be modified by any Supplemental Indenture in respect of any Series of Additional Bonds authorized thereby, and in the event of any conflict with the provisions hereof the provisions of such Supplemental Indenture shall control in respect of any Series of Additional Bonds authorized thereby.

ARTICLE V

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

Section 5.01. Security for Bonds.

(a) The Bonds are payable from and secured by a pledge of the Trust Estate in accordance with the terms hereof. Subject to any Permitted Encumbrances, said pledge shall constitute a first lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Trustee of the Series 2016 Bonds, without any physical delivery thereof or further act.

NOTWITHSTANDING ANY OTHER PROVISION OF THIS INDENTURE, AND UNTIL NO SENIOR BONDS REMAIN OUTSTANDING AND UNPAID, UPON THE OCCURRENCE AND DURING THE CONTINUANCE OF AN EVENT OF DEFAULT PURSUANT TO SECTION 9.02(a), (b), (g), (h) or (j) HEREOF, NO PAYMENT SHALL BE MADE WITH RESPECT TO THE SUBORDINATE BONDS FROM THE AMOUNTS THEN ON DEPOSIT IN THE SUBORDINATE DEBT SERVICE ACCOUNT TO PAY ANY SCHEDULED PAYMENTS OF DEBT SERVICE, INCLUDING ANY SINKING FUND INSTALLMENTS, WITH RESPECT TO ANY SUBORDINATE BONDS, OR TO PAY ANY REIMBURSEMENT OBLIGATIONS THEN OWED. ACCORDINGLY, NONPAYMENT OF SUCH AMOUNTS SHALL NOT CONSTITUTE AN EVENT OF DEFAULT HEREUNDER WITH RESPECT TO THE SUBORDINATE BONDS SO LONG AS ANY SENIOR BONDS REMAIN OUTSTANDING AND UNPAID, AND NEITHER THE REGISTERED OWNERS OF THE SUBORDINATE BONDS NOR THE MANAGER WILL HAVE ANY RIGHTS TO PURSUE ANY RIGHTS OR REMEDIES

HEREUNDER IN SUCH EVENT. IN ALL EVENTS, ONLY THE MAJORITY OF AFFECTED HOLDERS SHALL HAVE THE RIGHT TO DIRECT AND CONTROL REMEDIES UPON AN EVENT OF DEFAULT AS SET FORTH IN ARTICLE IX HEREOF.

(b) The Authority agrees to deposit or cause to be deposited, as long as any of the Bonds remain Outstanding, all of the Gross Operating Revenues as calculated on a cash basis (less the Petty Cash Amount, which shall be retained by the Manager for use solely at the Project), as soon as practical upon receipt (but in no event less often than once each Business Day), in the Lockbox Fund. The Authority shall execute and cause to be filed UCC financing statements, and shall execute and deliver such other documents (including, but not limited to, continuation statements) as may be necessary in order to perfect or maintain as perfected the security interest of the Trustee in the Lockbox Fund or give public notice thereof.

(c) From and after the Opening Date, on or before 10:00 a.m., Denver, Colorado time, on the first Business Day of each month, after payment or provision for payment of (i) the Base Management Fee then due and owing, (ii) the required deposits to the Excluded Taxes and Pass Through Costs Fund and (iii) any Short Term Indebtedness then due and owing, the Trustee shall, pursuant to and as limited by Section 6(a) of the Cash Management Agreement and subject to subsection (f) of this Section, be entitled to and shall collect and receive all of the Available Revenues (in excess of the Operating Costs Set Aside Amount) as calculated on a cash basis from the Lockbox Fund for deposit into the Available Revenue Fund, and any such amounts so collected or received by or on behalf of the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid or caused to be paid by the Authority to the Trustee for deposit in the Available Revenue Fund. In addition, the Authority shall provide that all amounts paid by the City pursuant to the Economic Development Agreement be paid to the Trustee for deposit into the Available Revenue Fund, and any such amounts so collected or received by or on behalf of the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid or caused to be paid by the Authority to the Trustee for deposit in the Available Revenue Fund. All such Available Revenues deposited with the Trustee in the Available Revenue Fund shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture.

(d) Payment of the Debt Service on the Bonds is further secured by the lien on the Project granted by the Authority pursuant to the Deed of Trust. The Authority agrees that the Deed of Trust may be subject only to the conditions, covenants and restrictions of record set forth as exceptions to the Title Policy on the Project originally delivered on the Closing Date for the Series 2003A Bonds and to Permitted Encumbrances against the Project that may exist from time to time. The Title Policy shall name the Authority and the Trustee as beneficiaries, as their interests may appear, with liability at least equal to the aggregate principal amount represented by the Series 2016 Bonds while the Series 2016 Bonds are Outstanding.

(e) Subject to the rights of the Manager under the Cash Management Agreement, the Trustee also may, and shall, at the written direction of the Majority of Affected Holders (upon the occurrence and during the continuance of an Event of Default hereunder), subject to the provisions of this Indenture and the Assignment Agreements, take all steps, actions and proceedings to enforce (i) either jointly with the Authority or separately all of the rights and all of the obligations of the Authority under this Indenture and the Cash Management Agreement, (ii) all rights of the Authority under the Management Agreement and the Economic Development Agreement, and (iii) all rights of the Trustee and the Registered Owners under the Deed of Trust and the Assignment Agreements.

(f) As set forth in the Management Agreement and the Cash Management Agreement, all Excluded Taxes and Other Charges, Pass Through Costs and any other amounts received by the Manager which are not included in Gross Operating Revenue shall initially be deposited to the Lockbox Fund and applied in the manner as set forth in this Indenture and in the Cash Management Agreement or, if not set forth herein or in the Cash Management Agreement, shall either be (i) deposited to the Excluded Taxes and Pass Through Costs Fund and paid by the Manager promptly, but in any event prior to the time such payment becomes delinquent, directly to the appropriate Person entitled thereto as determined by the Manager in its reasonable discretion or (ii) deposited with the Trustee in the Available Revenue Fund if Manager determines in its reasonable discretion that such amounts are not otherwise designated for payment to a particular Person.

Section 5.02. Establishment of Funds and Accounts. The Authority hereby establishes the following Funds and Accounts, all of which shall be held by the Trustee and, with the exception of the Excess Revenue Fund, the Authority Fund and the Rebate Fund, shall constitute a part of the Trust Estate:

- (a) "Convention Center Hotel Revenue Bond Costs of Issuance Fund" and within such Fund the Series 2016 Costs of Issuance Account;
- (b) "Convention Center Hotel Revenue Bond Available Revenue Fund";
- (c) "Convention Center Hotel Revenue Bond Debt Service Fund," and within such Fund the "Senior Debt Service Account," the "Subordinate Debt Service Account," the "Senior Redemption Account" and the "Subordinate Redemption Account";
- (d) "Convention Center Hotel Revenue Bond Senior Debt Service Reserve Fund";
- (e) "Convention Center Hotel Revenue Bond City Repayment Fund";
- (f) "Convention Center Hotel Revenue Bond Secondary Cash Trap Fund";
- (g) "Convention Center Hotel Revenue Bond Operating Reserve Fund";
- (h) "Convention Center Hotel Revenue Bond Senior FF&E/CapEx Reserve Fund";

- (i) “Convention Center Hotel Revenue Bond Subordinate FF&E/CapEx Reserve Fund”;
- (j) “Convention Center Hotel Revenue Bond Primary Cash Trap Fund”;
- (k) “Convention Center Hotel Revenue Bond Administrative Expenses Fund”;
- (l) “Convention Center Hotel Revenue Bond Subordinate Management Fee Fund”;
- (m) “Convention Center Hotel Revenue Bond Supersubordinate Management Fee Fund”;
- (n) “Convention Center Hotel Revenue Bond Taxes and Insurance Fund”;
- (o) “Convention Center Hotel Revenue Bond Excess Revenue Fund”;
- (p) “Convention Center Hotel Revenue Bond Insurance and Condemnation Proceeds Fund”;
- (q) “Convention Center Hotel Revenue Bond Authority Fund”; and
- (r) “Convention Center Hotel Revenue Bond Rebate Fund.”

The Trustee may create any other Funds or Accounts hereunder or under a Supplemental Indenture, to be held in trust for the benefit of the Registered Owners of the Bonds, as the Trustee deems necessary to carry out the purposes of this Indenture; provided that any such creation shall not adversely affect the rights and obligations of the Trustee, without the prior written consent of the Trustee, or the Manager under the Cash Management Agreement, without the prior written consent of the Manager, and shall require an opinion of Bond Counsel stating that the creation of such Fund or Account will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. Not later than the tenth (10th) calendar day of each month, the Trustee shall provide the Authority and the Manager with a monthly statement of (i) the amounts on deposit in the Funds and Accounts as of the last calendar day of the prior month and, (ii) if applicable, the amounts of any deficiencies in such Funds and Accounts that are known by the Trustee.

Section 5.03. Funds and Accounts for Additional Bonds. Upon the issuance of Additional Bonds pursuant to Section 3.02(c), the Trustee shall create such other Funds and Accounts as set forth in the Supplemental Indenture authorizing such Series of Additional Bonds.

Section 5.04. Lockbox Fund; Available Revenue Fund.

(a) Commencing on a date at least seven days prior to the Opening Date, the Authority and the Trustee shall at all times cause to be maintained a Lockbox Fund and an Excluded Taxes and Pass Through Costs Fund pursuant to the provisions of the Cash Management Agreement or, if the initial Manager is replaced by a successor Manager or the initial Depository Bank is replaced by a successor Depository Bank, a Cash

Management Agreement with terms substantially similar to those contained in the initial Cash Management Agreement.

(b) So long as the Trustee has not received notice that the Management Agreement has been terminated, except as provided in subsection (c) of this Section, the Trustee and the Authority shall instruct the Depository Bank to periodically disburse amounts deposited in the Lockbox Fund to Manager as periodically requested by Manager, pursuant to either check or draft drawn by the Manager directly against such Lockbox Fund or by written instructions provided by the Manager specifying the amount to be transferred by the Depository Bank to the Manager for the payment of amounts then due and owing pursuant to the terms of any Excluded Taxes and Other Charges, Pass Through Costs, Short Term Indebtedness and Operating Expenses including, without limitation, the Base Management Fee then due and owing. The Base Management Fee then due and owing shall be paid out on the first Business Day of each month immediately prior to any other disbursements, including, without limitation, the disbursements to the Available Revenue Fund as provided in this Section. The Trustee and the Authority shall instruct the Depository Bank to transfer to the Manager all amounts in the Lockbox Fund which represent proceeds of Bonds prior to distributing any amounts on deposit therein which represent Gross Operating Revenues.

(c) If an Event of Default (as defined in the Management Agreement) by the Manager has occurred and is continuing under the Management Agreement of which the Trustee has received notice and the Trustee has not received notice of a termination of the Management Agreement, the Trustee and the Authority shall instruct the Depository Bank to periodically distribute amounts deposited in the Lockbox Fund to the Manager as periodically requested by the Manager pursuant to either check or draft drawn by the Manager directly against such Lockbox Fund or by written instructions provided by the Manager specifying the amount to be transferred by the Depository Bank to the Manager for (i) amounts then due and owing with respect to Excluded Taxes and Other Charges, (ii) amounts then due and owing with respect to Pass Through Costs, (iii) amounts then due and owing pursuant to the terms of any Short Term Indebtedness, (iv) budgeted Operating Expenses including, without limitation, the Base Management Fee then due and owing and (v) with the prior written consent of the Asset Manager and the Authority, unbudgeted Operating Expenses; provided that the Manager shall provide a monthly report summarizing all Operating Expenses paid during each month to the Asset Manager, the Authority and, if requested by the Trustee, to the Trustee.

(d) On the first Business Day in each month following the Opening Date, the Trustee shall deposit to the Available Revenue Fund from the Lockbox Fund such amount as specified in Section 5.01(c) hereof. In addition, all amounts received by the Authority or the Trustee pursuant to the Economic Development Agreement shall be deposited into the Available Revenue Fund. All amounts in the Available Revenue Fund shall be used for the purposes and in the order of priority set forth in Section 5.05 hereof. The Authority agrees to pay as an Operating Expense the fees of the Depository Bank in accordance with the customary fees charged by the Depository Bank for the services described herein and in the Cash Management Agreement, as such fees are established from time to time. The Trustee or the Authority may replace the Depository Bank with a

new Depository Bank reasonably acceptable to the Manager upon five days' notice to the other parties to the Cash Management Agreement.

Section 5.05. Flow of Funds.

(a) Except as otherwise provided in subsections (b), (c), (d) and (e) of this Section or in Section 9.04 hereof, on the first Business Day of each month and on the date of deposit of the Economic Development Payment into the Available Revenue Fund, after making the deposits required in Section 5.04 hereof to the Available Revenue Fund, the Trustee shall make the deposits, transfers or payments indicated below from amounts then on deposit in the Available Revenue Fund in the priority listed below (including curing any deficiency in deposits, transfers or payments required in prior months), the requirements of each Fund, deposit, transfer or payment to be fully satisfied, leaving no deficiencies, prior to any deposit, transfer or payment later in priority:

First, to the Taxes and Insurance Fund, an amount which together with moneys on deposit in the Taxes and Insurance Fund will equal but not exceed the Taxes and Insurance Set Aside Amount accrued but not paid through the preceding month;

Second, to the Administrative Expenses Fund, an amount which together with moneys on deposit in the Administrative Expenses Fund will equal the amount necessary to pay the Administrative Expenses then due and owing, or anticipated to be due and owing, for such month as directed by the Authority, together with any accruals from prior periods;

Third, unless provision for such payments has been made as contemplated by a Supplemental Indenture or otherwise, to the Senior Debt Service Account of the Debt Service Fund, an amount which together with moneys otherwise transferred to such Account will equal:

(i) the interest to become due and payable on each Series of Outstanding Senior Bonds on the next Interest Payment Date for such Series, plus an amount equal to any shortfall from a prior month or due to any investment loss to the extent not made up from another source; plus

(ii) commencing December 1, 20__, during the months of December through May, one-half of the next Principal Installment to become due and payable within the next twelve months on each Series of Outstanding Senior Bonds, and commencing June 1, 20__, during the months of June through November, one-half of the next Principal Installment to become due and payable within the next twelve months on each Series of Outstanding Senior Bonds, plus an amount equal to any shortfall from a prior month or due to any investment loss to the extent not made up from another source;

Fourth, to the Senior FF&E/CapEx Reserve Fund, an amount which together with moneys otherwise transferred to the Senior FF&E/CapEx Fund will equal but not exceed the Senior FF&E/CapEx Set Aside Amount accrued but not paid through the preceding month;

Fifth, to the Rebate Fund, amounts which, when added to other amounts in the Rebate Fund, shall equal the amount required to be on deposit therein pursuant to the Tax Certificates delivered in connection with the issuance of each Series of Bonds;

Sixth, if the Senior Debt Service Reserve Fund contains less than the Senior Reserve Fund Requirement, to the Senior Debt Service Reserve Fund, an amount equal to the amount needed to attain the Senior Reserve Fund Requirement;

Seventh, if the Operating Reserve Fund contains less than the Operating Reserve Requirement, to the Operating Reserve Fund, an amount equal to the amount needed to attain the Operating Reserve Requirement;

Eighth, to the Subordinate Debt Service Account of the Debt Service Fund, an amount which together with moneys on deposit in such Fund will equal but not exceed:

(i) the interest to become due and payable on each Series of Outstanding Subordinate Bonds on the next Interest Payment Date for such Series, plus an amount equal to any shortfall from a prior month or due to any investment loss to the extent not made up from another source; plus

(ii) commencing on the first Business Day of the month which is twelve months prior to the first Principal Payment Date, one-half of the next Principal Installment to become due and payable within the next twelve months on each Series of Outstanding Subordinate Bonds, and commencing on the first Business Day of the month which is six months prior to the first Principal Payment Date, one-half of the next Principal Installment to become due and payable within the next twelve months on each Series of Outstanding Subordinate Bonds, plus an amount equal to any shortfall from a prior month or due to any investment loss to the extent not made up from another source;

Ninth, to the City Repayment Fund, an amount equal to the portion of the Economic Development Payment remaining after making the deposits, transfers or payments in clauses *First* through *Eighth* above on such date of its deposit in the Available Revenue Fund;

Tenth, to any Person which has made a loan to the Authority as authorized by Section 12.03 hereof for the purpose of making any payments required pursuant to paragraphs *First* through *Eighth* above, the amounts due and owing on such obligations;

Eleventh, to the Subordinate Management Fee Fund, an amount equal to the Subordinate Management Fee budgeted to have been earned through the preceding month which remains unpaid;

Twelfth, to the Subordinate FF&E/CapEx Reserve Fund, an amount which together with moneys otherwise transferred to the Subordinate FF&E/CapEx Reserve Fund will equal but not exceed the Subordinate FF&E/CapEx Set Aside Amount accrued but not paid through the preceding month (as the Subordinate FF&E/CapEx Set Aside Amount may be adjusted from time to time pursuant to Section 7.34 hereof);

Thirteenth, to the Supersubordinate Management Fee Fund, an amount equal to the Supersubordinate Management Fee budgeted to have been earned through the preceding month which remains unpaid; and

Fourteenth, if the Authority Fund contains less than \$2,000,000 and an Authorized Authority Representative has directed the Trustee in writing to replenish the Authority Fund, to the Authority Fund, an amount equal to the lesser of (i) the amount set forth in such written direction (which in no event shall permit the amount on deposit in the Authority Fund to exceed \$4,000,000) and (ii) the amount, together with all other amounts transferred to the Authority Fund during such Fiscal Year, equals \$500,000; and

Fifteenth, to the Primary Cash Trap Fund, the balance, if any, of money remaining in the Available Revenue Fund.

(b) Notwithstanding the provisions of subsection (a) above, if on the fifth Business Day prior to any Interest Payment Date there are not on deposit in the Senior Debt Service Account amounts sufficient to pay the interest and Principal Installments to become due on the Senior Bonds on such Interest Payment Date, and sufficient amounts are not on deposit in the Funds described in Section 5.06(a) hereof to make up any such deficiency, then the Trustee shall notify the Depository Bank and the Authority by not later than the immediately succeeding Business Day of such shortfall. Unless funds to cover such deficiency are transferred to the Trustee for deposit to the Available Revenue Fund within three Business Days after receipt of such notice, the Authority shall cause the Depository Bank to transfer the Lockbox Fund to the name and credit of the Trustee, as assignee of the Authority. The Lockbox Fund shall remain in the name and to the credit of the Trustee until the amounts on deposit in the Lockbox Fund are sufficient to pay in full (or have been used to pay in full) all amounts in default and until all other Events of Default known to the Trustee shall have been cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, whereupon the Lockbox Fund (except for the Available Revenues held in the Lockbox Fund which are required to make such payments or cure such defaults) shall be returned to the name and credit of the Authority.

(c) During any period that the Lockbox Fund is held in the name and to the credit of the Trustee, (i) the Trustee shall use and withdraw from time to time amounts in the Lockbox Fund to make payments of Debt Service on the Senior Bonds when due and (ii) the Authority shall not be entitled to use or withdraw any of the Gross Operating Revenues unless (and then only to the extent that) the Trustee so directs for the payment of current or past due Operating Expenses; provided, however, that the Authority shall be entitled to withdraw any amounts in the Lockbox Fund which do not constitute Gross Operating Revenues and apply such amounts in the manner set forth herein for the application of such amounts.

(d) Notwithstanding the foregoing, the Economic Development Payment received by the Trustee from the City during the month of November 2016 shall be deposited directly into the Excess Revenue Fund.

(e) Notwithstanding the foregoing, (i) if the Manager has not been terminated under the Management Agreement and an Event of Default (as defined in the Management Agreement) is not then in existence, the Manager shall be entitled to continue to receive the funds it would have otherwise been entitled to as if no Event of Default had occurred under this Indenture as provided in this Indenture, in the Management Agreement and in the Cash Management Agreement and (ii) if an Event of Default (as defined in the Management Agreement) of which the Trustee has notice by the Manager has occurred and is continuing under the Management Agreement but the Trustee has not received notice that the Manager has been terminated under the Management Agreement, the Trustee shall pay the Manager (i) amounts then due and owing with respect to Excluded Taxes and Other Charges, (ii) amounts then due and owing with respect to Pass Through Costs, (iii) amounts then due and owing pursuant to the terms of any Short Term Indebtedness, (iv) budgeted Operating Expenses including, without limitation, the Base Management Fee then due and owing and (v) with the prior written consent of the Asset Manager and the Authority, unbudgeted Operating Expenses; provided that the Manager shall provide a monthly report summarizing all Operating Expenses paid during each month to the Asset Manager, the Authority and, if requested by the Trustee, to the Trustee.

Section 5.06. Other Transfers to Debt Service Fund.

(a) Notwithstanding anything in this Article or elsewhere in this Indenture to the contrary, if on the fifth Business Day prior to any Interest Payment Date there are not sufficient moneys in the Senior Debt Service Account on such date to pay principal of and interest on the Senior Bonds to become due and owing on such Interest Payment Date (other than Senior Bonds for which moneys have been set aside and dedicated to the payment of such Senior Bonds as permitted herein), moneys shall be transferred to the Senior Debt Service Account from the following sources in an amount which, together with the amount then on deposit in the Senior Debt Service Account, will result in the Senior Debt Service Account having the balance required to be on deposit therein in order to pay interest and principal to become due and payable on such Interest Payment Date:

First, from any Capitalized Interest Account created for such Series of Senior Bonds;

Second, from the Secondary Cash Trap Fund;

Third, from the Primary Cash Trap Fund;

Fourth, from the Supersubordinate Management Fee Fund;

Fifth, from the Subordinate FF&E/CapEx Reserve Fund, but only to the extent permitted in Section 5.14 hereof;

Sixth, from the Subordinate Management Fee Fund;

Seventh, from the City Repayment Fund;

Eighth, from the Subordinate Debt Service Account;

Ninth, from the Operating Reserve Fund, but only from amounts therein in excess of \$2,000,000;

Tenth, from the Taxes and Insurance Fund but only to the extent permitted in Section 5.19(a);

Eleventh, from the Senior Debt Service Reserve Fund; and

Twelfth, from the Senior FF&E/CapEx Reserve Fund, but only to the extent permitted in Section 5.12 hereof.

(b) Notwithstanding anything in this Article or elsewhere in this Indenture to the contrary, if on the second Business Day immediately preceding any Interest Payment Date there are not sufficient moneys in the Subordinate Debt Service Account on such date to pay principal of and interest on the Subordinate Bonds to become due and owing on such Interest Payment Date (other than Subordinate Bonds for which moneys have been set aside and dedicated to the payment of such Subordinate Bonds as permitted hereby), an Event of Default with respect to the Subordinate Bonds shall not have occurred so long as any Senior Bonds are Outstanding and moneys shall not be transferred to the Subordinate Debt Service Account from any other Funds and Accounts held by the Trustee hereunder except from the following sources (subject to the application of such sources for the purposes set forth in subsection (a) of this Section) in an amount which, together with the amount then on deposit in the Subordinate Debt Service Account, will result in the Subordinate Debt Service Account having the balance required to be on deposit therein in order to pay interest and principal to become due and payable on such Interest Payment Date:

First, from the Capitalized Interest Account created for such Series of Subordinate Bonds;

Second, from the Secondary Cash Trap Fund;

Third, from the Primary Cash Trap Fund, but only to the extent permitted in Section 5.15 hereof;

Fourth, from the Supersubordinate Management Fee Fund;

Fifth, from the Subordinate FF&E/CapEx Reserve Fund, but only to the extent permitted in Section 5.14 hereof;

Sixth, from the Subordinate Management Fee Fund; and

Seventh, from the City Repayment Fund.

Section 5.07. Debt Service Fund.

(a) The Trustee shall pay out of the appropriate Account of the Debt Service Fund on or before each Interest Payment Date for any of the Bonds the amount required for the interest payment on such date, and shall pay out of the appropriate Account of the Debt Service Fund on or before each Principal Installment due date the amount required for the Principal Installment payable on such due date; provided, however, that if any special fund, account or subaccount has been created for the payment of capitalized interest on the Bonds or any Series thereof, any amounts transferred to the Debt Service Fund from such special fund, account or subaccount shall be used to pay such interest prior to the use of any amounts in the Debt Service Fund for such purpose. On or before any Redemption Date for Bonds to be redeemed, the Trustee shall pay out of the appropriate Account of the Debt Service Fund, from available amounts deposited therein from time to time, the Redemption Price of and interest on the Bonds then to be redeemed.

(b) Amounts in the appropriate Account of the Debt Service Fund with respect to any Sinking Fund Installment and the related interest shall be applied to the redemption of Bonds of the Series, maturity and interest rate for which such Sinking Fund Installment was established in an amount not exceeding such Sinking Fund Installment as hereinafter provided. Unless otherwise provided in any Supplemental Indenture, as soon as practicable after the sixtieth day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, by giving notice as provided in Section 4.05 hereof, on such due date Bonds of the Series, maturity and interest rate for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment Date) in such amount as shall be necessary to pay such Sinking Fund Installment.

(c) Upon any purchase pursuant to subsection (d) of this Section, or any redemption pursuant to any redemption provision, other than a mandatory or anticipated sinking fund redemption provision, of this Indenture or any Supplemental Indenture, of Bonds of any Series, maturity and interest rate for which Sinking Fund Installments have been established, the principal amount or Accreted Value of such Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Installment or Installments.

(d) The Trustee shall, at any time at the direction of the Authority, apply amounts available in the appropriate Account of the Debt Service Fund pursuant to Section 4.07 hereof for application against the payment of any Principal Installments for purchase of Term Bonds of any Series, maturity and interest rate for which such Sinking Fund Installment has been established at a purchase price not to exceed the principal amount thereof plus accrued interest thereon.

(e) Amounts in the Senior Debt Service Account of the Debt Service Fund shall be applied only to the payment of Debt Service on the Senior Bonds in the manner and at the times provided in subsections (a) through (d) of this Section. If any amounts remain on deposit in the Senior Debt Service Account of the Debt Service Fund and the

Senior Bonds are no longer Outstanding, such amounts shall be transferred to the Available Revenue Fund.

(f) Except as otherwise provided in Section 5.06(a) hereof and in this subsection, amounts in the Subordinate Debt Service Account of the Debt Service Fund shall be applied only to the payment of Debt Service on the Subordinate Bonds in the manner and at the times provided in subsections (a) through (d) of this Section. If any amounts remain on deposit in the Subordinate Debt Service Account of the Debt Service Fund after payment of the Debt Service then due on the Subordinate Bonds, such amounts shall be transferred to the Available Revenue Fund.

Section 5.08. Senior Debt Service Reserve Fund.

(a) The Trustee shall apply amounts from the Senior Debt Service Reserve Fund to cure any deficiency in the Senior Debt Service Account pursuant to Section 5.06(a) hereof.

(b) Subject to the provisions of Section 6.03 hereof relating to the application of interest earnings, if on the last Business Day of any month the amount on deposit in the Senior Debt Service Reserve Fund exceeds the Senior Reserve Fund Requirement, such excess shall be applied to the reimbursement of each drawing on a Financial Guaranty (to the extent not reimbursed upon the reinstatement of such Financial Guaranty pursuant to subsection (e) of this Section) and to the payment of interest or other amounts due with respect to a Financial Guaranty. Any remaining excess shall be deposited in the Senior Debt Service Account.

(c) When the amount in the Senior Debt Service Reserve Fund, together with the amounts in the Senior Debt Service Account, amounts in excess of the Minimum Cash Trap Fund Amount in the Primary Cash Trap Fund and all amounts in the Secondary Cash Trap Fund (or all amounts in the Primary Cash Trap Fund if no Subordinate Bonds are then Outstanding), is sufficient to fully pay all Outstanding Senior Bonds in accordance with their terms (including principal or Redemption Price and interest), the amount on deposit in the Senior Debt Service Reserve Fund, together with the amount on deposit in the Senior Debt Service Account, the Secondary Cash Trap Fund and amounts in excess of the Minimum Cash Trap Fund Amount in the Primary Cash Trap Fund (or all amounts in the Primary Cash Trap Fund if no Subordinate Bonds are then Outstanding) may, at the direction of the Authority, be applied to pay the principal and Redemption Price of and interest on all Outstanding Senior Bonds.

(d) In the event of the refunding of one or more Series of Senior Bonds (or portions thereof), the Trustee shall, upon the written direction of an Authorized Authority Representative, withdraw from the Senior Debt Service Reserve Fund any or all of the amounts on deposit therein with respect to the Senior Bonds being refunded and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, if any, of, and interest on, the Senior Bonds (or portions thereof) being refunded; provided that such withdrawal shall not be made unless:

(i) immediately thereafter the Senior Bonds (or portions thereof) being refunded shall be deemed to have been paid pursuant to Section 8.02 hereof; and

(ii) the amount remaining in the Senior Debt Service Reserve Fund after such withdrawal, taking into account any deposits to be made in the Senior Debt Service Reserve Fund in connection with such refunding, shall not be less than the Senior Reserve Fund Requirement.

(e) In lieu of or in addition to the deposits and transfers to the Senior Debt Service Reserve Fund required by this Indenture, the Authority may cause to be deposited in the Senior Debt Service Reserve Fund a Financial Guaranty in an amount equal to the Senior Reserve Fund Requirement less the sums, if any, then on deposit in the Senior Debt Service Reserve Fund or being deposited in Senior Debt Service Reserve Fund concurrently with such Financial Guaranty or Guaranties. The Trustee shall draw upon or otherwise take such action as is necessary in accordance with the terms of the Financial Guaranties to receive payments with respect to the Financial Guaranties (including the giving of notice as required thereunder):

(i) on any date on which moneys will be required to be withdrawn from the Senior Debt Service Reserve Fund and applied to the payment of principal or Redemption Price of, or interest on, any Senior Bonds and such withdrawal cannot be met by amounts on deposit in the Senior Debt Service Reserve Fund; and

(ii) on the first Business Day which is at least 30 days prior to the expiration date of each Financial Guaranty, in an amount equal to the deficiency which would exist in the Senior Debt Service Reserve Fund if the Financial Guaranty expired, unless a substitute Financial Guaranty with an expiration date not earlier than one year after the expiration date of the expiring Financial Guaranty is acquired prior to such date or the Authority deposits funds in the Senior Debt Service Reserve Fund on or before such date such that the amount in the Senior Debt Service Reserve Fund on such date (without regard to such expiring Financial Guaranty) is at least equal to the Senior Reserve Fund Requirement.

If at any time a Financial Guaranty is delivered pursuant to this subsection (e) there shall be an amount in the Senior Debt Service Reserve Fund in excess of the Senior Reserve Fund Requirement, such excess amount may be applied to the cost of acquiring such Financial Guaranty and, to the extent not so applied, shall be applied as directed in writing by an Authorized Authority Representative together with an opinion of Bond Counsel to the effect that such application will not cause the interest on any of the Bonds to become included in gross income of the owners thereof for federal income tax purposes or, in the absence of such direction and opinion, shall be transferred to the Senior Debt Service Account and applied to the purchase (if so directed in writing by an Authorized Authority Representative pursuant to Section 4.07 hereof) or redemption of Senior Bonds.

If a disbursement is made pursuant to a Financial Guaranty, the Authority shall either:

(A) reinstate the maximum limits of such Financial Guaranty,
or

(B) deposit into the Senior Debt Service Reserve Fund, in accordance with clause *Sixth* of Section 5.05(a) hereof, funds in the amount of the disbursement made under such Financial Guaranty, or a combination of such alternatives, in order that the amount in the Senior Debt Service Reserve Fund equals the Senior Reserve Fund Requirement; provided, however, that to the extent a Financial Guaranty has been reinstated so that the amount in the Senior Debt Service Reserve Fund (including Financial Guaranties) equals the Senior Reserve Fund Requirement, amounts in the Senior Debt Service Reserve Fund shall be applied to the reimbursement of drawings under a Financial Guaranty.

Section 5.09. City Repayment Fund.

(a) The Trustee shall apply amounts from the City Repayment Fund to *first* cure any deficiency in the Senior Debt Service Account pursuant to Section 5.06(a) hereof and *second* cure any deficiency in the Subordinate Debt Service Account pursuant to Section 5.06(b) hereof.

(b) If on the first Business Day following each Interest Payment Date on the Senior Bonds, the amounts on deposit in the Funds and Accounts referenced in clauses *First* through *Seventh* of Section 5.05(a) hereof are not then equal to the amounts required to be on deposit therein after any transfers that have been made to such Funds and Accounts from the Cash Trap Funds, then amounts on deposit in the City Repayment Fund shall be applied to any deficiency in any Account or Fund referenced in clauses *First* through *Seventh* of Section 5.05(a) hereof in such order of priority

(c) An amount equal to the City Reimbursement Obligation then owed shall be transferred no later than December 15 during each year from the City Repayment Fund to the Excess Revenue Fund; provided, however, that no transfer shall be made to the Excess Revenue Fund from the City Repayment Fund pursuant to this subsection (a) if (i) the City has failed to appropriate sufficient moneys to make the Economic Development Payment required to be made pursuant to the Economic Development Agreement but the Economic Development Agreement has not been terminated pursuant to its terms, (ii) the City has failed to appropriate sufficient moneys to make the Economic Development Payment required to be made pursuant to the Economic Development Agreement for two calendar years within any five calendar year period, whether or not the Economic Development Agreement has been terminated by the Authority, (iii) the Economic Development Agreement has been terminated by the City or (iv) the Trustee has foreclosed on the Project pursuant to the Deed of Trust.

(d) Moneys on deposit in the City Repayment Fund may not be used to make any other payments or deposits required to be made pursuant to Section 5.05 hereof.

Section 5.10. Secondary Cash Trap Fund.

(a) The Trustee shall apply amounts on deposit in the Secondary Cash Trap Fund to *first* any deficiency in the Senior Debt Service Account of the Debt Service Fund pursuant to Section 5.06(a) hereof and *second* any deficiency in the Subordinate Debt Service Account of the Debt Service Fund pursuant to Section 5.06(b) hereof.

(b) If on the first Business Day following each Interest Payment Date on the Senior Bonds, the amounts on deposit in the Funds and Accounts referenced in clauses *First* through *Eighth* and *Eleventh* through *Thirteenth* of Section 5.05(a) hereof are not then equal to the amounts required to be on deposit therein, the amount on deposit in the City Repayment Fund is not sufficient for any City Reimbursement Obligation then owed or the amount required to be paid to any Person pursuant to clause *Tenth* of Section 5.05(a) hereof has not been paid, then amounts on deposit in the Secondary Cash Trap Fund shall be applied to any deficiency in any Account or Fund referenced in clauses *First* through *Eighth* and *Eleventh* through *Thirteenth* of Section 5.05(a) hereof, transferred to the Excess Revenue Fund in the amount equal to the City Reimbursement Obligation then owed, and used to pay such Person pursuant to clause *Tenth* of Section 5.05(a) hereof in such order of priority.

(c) Amounts in the Secondary Cash Trap Fund, together with amounts available for such purpose in the Funds and Accounts as set forth in Section 5.08(c) hereof, may, at the direction of the Authority, be applied to pay the principal and Redemption Price of and interest on all Outstanding Senior Bonds in the manner as set forth in Section 5.08(c) hereof.

(d) Other than as set forth in this Section 5.10, amounts in the Secondary Cash Trap Fund shall be available to be applied in the same manner as amounts in the Primary Cash Trap Fund as set forth in Section 5.15 hereof; provided that the Person requesting such funds shall first designate that such withdrawal shall be from the Secondary Cash Trap Fund rather than from the Primary Cash Trap Fund.

(e) The Authority may, by written Request in substantially the form attached as Exhibit H hereto, direct the Trustee, with respect to amounts in the Secondary Cash Trap Fund in excess of \$20,000,000, to pay any capital costs or improvements related to the Convention Center or pay costs related to marketing of the Convention Center that the Authority determines in its reasonable discretion will enhance the operations of the Hotel.

(f) The Authority may apply amounts on deposit in the Secondary Cash Trap Fund by written Request directed to the Trustee to either (i) purchase Bonds pursuant to Section 4.07 hereof, or (ii) optionally redeem Bonds pursuant to Section 4.02 hereof.

Section 5.11. Operating Reserve Fund.

(a) The Trustee shall apply amounts on deposit in the Operating Reserve Fund to any deficiency in the Senior Debt Service Account pursuant to, and subject to the limitations of, Section 5.06(a) hereof.

(b) If the amount on deposit in the Operating Reserve Fund exceeds the Operating Reserve Requirement, amounts in excess of the Operating Reserve Requirement (other than due to investment earnings thereon, which shall be applied in accordance with Section 6.03(b) hereof) shall be deposited into the Senior Debt Service Account.

(c) Unless the Management Agreement has been terminated, moneys in the Operating Reserve Fund shall be applied to the payment of Operating Expenses, FF&E, Capital Expenses, Administrative Expenses, other expenses and items specifically provided for in the Management Agreement and/or any other expenses which, if unbudgeted, shall be approved in writing by the Manager, the Authority and the Asset Manager, at any time during which such expenses exceed or are anticipated to exceed Gross Operating Revenue for such month plus the amount otherwise available to pay such expenses in the Lockbox Fund, the Senior FF&E/CapEx Reserve Fund, the Subordinate FF&E/CapEx Reserve Fund, the Administrative Expenses Fund, and the Cash Trap Funds to pay such expenses (to the extent amounts in such Funds are authorized to be used for such expenses), upon receipt by the Trustee of a Request of the Manager or the Authority, as applicable, substantially in the form of Exhibit D hereto; provided however that with respect to Operating Expenses, FF&E or Capital Expenses, if payment of such Operating Expense, FF&E or Capital Expense would require the consent of the Authority under the Management Agreement or the Cash Management Agreement, such Request shall be conditioned upon written approval by the Authority and the Asset Manager. For purposes of this Section, the Trustee may conclusively rely on a Request in substantially the form of Exhibit D hereto, and need not conduct an independent investigation as to such matters.

(d) Moneys in the Operating Reserve Fund may also be used for unbudgeted capital Emergency Expenses or to comply with Legal Requirements (and then only if the violation of such Legal Requirements would expose Manager or the Authority to material risk of civil or criminal sanctions or would pose an imminent threat to the Project or its employees, guests or other persons using or occupying any portion of the Project), but only to the extent that there are insufficient moneys on deposit in the Cash Trap Funds, the Subordinate FF&E/CapEx Reserve Fund, and the Senior FF&E/CapEx Reserve Fund for such purpose. In connection with any Emergency Expenses that were not specifically contemplated in the Capital Budget, the Manager shall notify the Authority prior to the time that the expenditures in question are made; provided however that if it is impracticable to notify the Authority prior to making such expenditures, then the Manager shall notify the Authority as soon as reasonably practicable after the time that the expenditures in question are made.

(e) The Authority may at any time, and from time to time, satisfy all or any portion of the Operating Reserve Requirement, or replace all, or any portion, of the cash and Investment Securities in the Operating Reserve Fund, with a line or letter of credit from a bank or insurance company rated at least "A1/P-1" (or its equivalent) by S&P and Moody's, which line or letter of credit may be drawn upon by the Trustee to satisfy all of the purposes for which amounts on deposit in the Operating Reserve Fund may be used. Upon the delivery or substitution of such line or letter of credit, the amount on deposit in

the Operating Reserve Fund shall be at least equal to the Operating Reserve Requirement. In the event the Authority shall deliver a line or letter of credit, or substitute a line or letter of credit for the cash or Investment Securities in the Operating Reserve Fund, the amount on deposit in the Operating Reserve Fund with respect to such line or letter of credit shall be that amount available to be drawn or otherwise paid pursuant to such line or letter of credit at the time of calculation. Any draws on a line or letter of credit shall be made only after all cash and Investment Securities in the Operating Reserve Fund have been expended. In the event that the amount on deposit in, or credited to, the Operating Reserve Fund includes amounts available under more than one line or letter of credit, draws on the lines or letters of credit shall be made on a pro rata basis to fund the insufficiency. In the event amounts are withdrawn from the Operating Reserve Fund (including draws on a line or letter of credit), the Authority shall replenish the amount so withdrawn pursuant to paragraph *Seventh* of Section 5.05(a) hereof, provided that such replenishments shall be used first to reinstate, on a pro rata basis, any lines or letters of credit (including interest on draws thereunder), and only then to replenish any cash in the Operating Reserve Fund to the required level, after taking into account the amounts available under any lines or letters of credit.

(f) The Authority may, during the first calendar month of each Fiscal Year, submit a Request to the Trustee to transfer to the Administrative Expenses Fund an amount up to, but not in excess of, the budgeted Administrative Expenses for that Fiscal Year less the amount then on deposit in the Administrative Expenses Fund. Upon receipt of such Request, the Trustee shall transfer the amount requested to the Administrative Expenses Fund.

(g) If on the first Business Day of a month the balance in the Lockbox Fund is below the Operating Costs Set Aside Amount, the Trustee shall transfer to the Depository Bank for deposit in the Lockbox Fund an amount which shall cause the balance in the Lockbox Fund to equal the Operating Costs Set Aside Amount upon receipt of a Request from either the Manager or the Authority.

Section 5.12. Senior FF&E/CapEx Reserve Fund.

(a) The Trustee shall apply amounts from the Senior FF&E/CapEx Reserve Fund to any deficiency in the Senior Debt Service Account pursuant to Section 5.06(a) hereof, except to the extent that moneys in the Senior FF&E/CapEx Reserve Fund are required to be used to pay unpaid FF&E expenses or Capital Expenses which have been incurred but are unpaid (or which will be incurred under a binding and non-cancelable contract).

(b) Unless an Event of Default (as defined in the Management Agreement) by the Manager has occurred and is continuing under the Management Agreement or the Management Agreement has been terminated, the Trustee shall make disbursements directed by a Request of the Manager in substantially the forms attached as Exhibits E or F hereto, as appropriate, of funds deposited in the Senior FF&E/CapEx Reserve Fund for the purpose of paying for (i) FF&E and Capital Expenses included in the Capital Budget, (ii) amounts reasonably determined by the Manager to be required to be made to protect

life, health or property from imminent danger or to comply with Legal Requirements (but only to the extent sufficient funds are not available in the Cash Trap Funds and the Subordinate FF&E/CapEx Reserve Fund to make such payments), and (iii) with the prior written consent of the Asset Manager and the Authority, FF&E and Capital Expenses (but only to the extent sufficient funds are not available in the Subordinate FF&E/CapEx Reserve Fund to pay for such Capital Expenses) not included in the Capital Budget. If an Event of Default (as defined in the Management Agreement) by the Manager has occurred and is continuing under the Management Agreement, but the Management Agreement has not been terminated, the Trustee shall make disbursements as directed by a Request of the Manager (as consented to by the Authority and the Asset Manager in writing) in substantially the forms attached as Exhibits E or F hereto, as appropriate, for the purposes and in the manner described in the immediately preceding sentence; provided that the Manager shall provide a monthly report summarizing all amounts paid out of the Senior FF&E/CapEx Reserve Fund during each month to the Trustee, the Asset Manager and the Authority. The Trustee may conclusively rely on a written Request delivered in accordance with this Section and need not conduct an independent investigation as to such matters. Such payments of FF&E and Capital Expenses may be through periodic payments pursuant to an operating or capital lease or other financing mechanism.

(c) Moneys in the Senior FF&E/CapEx Reserve Fund may also be used for unbudgeted capital Emergency Expenses, but only to the extent that there are insufficient moneys on deposit in the Cash Trap Funds and the Subordinate FF&E/CapEx Reserve Fund for such purpose. In connection with any Emergency Expenses that were not specifically contemplated in the Capital Budget, the Manager shall notify the Authority prior to the time that the expenditures in question are made; provided however that if it is impracticable to notify the Authority prior to making such expenditures, then the Manager shall notify the Authority as soon as reasonably practicable after the time that the expenditures in question are made.

Section 5.13. [RESERVED].

Section 5.14. Subordinate FF&E/CapEx Reserve Fund.

(a) The Trustee shall apply amounts from the Subordinate FF&E/CapEx Reserve Fund first to any deficiency in the Senior Debt Service Account pursuant to Section 5.06(a) hereof and second to any deficiency in the Subordinate Debt Service Account pursuant to Section 5.06(b) hereof, except to the extent that moneys in the Subordinate FF&E/CapEx Reserve Fund are required to be used to pay unpaid FF&E expenses or Capital Expenses which have been incurred but are unpaid (or which will be incurred under a binding and non-cancelable contract).

(b) Unless an Event of Default (as defined in the Management Agreement) by the Manager has occurred and is continuing under the Management Agreement or the Management Agreement has been terminated, the Trustee shall make disbursements directed by a Request of the Manager in substantially the forms attached as Exhibits E or F hereto, as appropriate, of funds deposited in the Subordinate FF&E/CapEx Reserve

Fund for the purpose of paying for (i) Capital Expenses and FF&E (but only to the extent sufficient funds are not available in the Senior FF&E/CapEx Reserve Fund to pay for such Capital Expenses and FF&E) included in the Capital Budget, (ii) amounts reasonably determined by the Manager to be required to be made to protect life, health or property from imminent danger or to comply with Legal Requirements (but only to the extent sufficient funds are not available in the Cash Trap Funds to make such payments) and (iii) with the prior written consent of the Asset Manager and the Authority, Capital Expenses and FF&E (but only to the extent sufficient funds are not available in the Senior FF&E/CapEx Reserve Fund to pay for such Capital Expenses and FF&E) not included in the Capital Budget. If an Event of Default (as defined in the Management Agreement) by the Manager has occurred and is continuing under the Management Agreement, but the Management Agreement has not been terminated, the Trustee shall make disbursements as directed by a Request of the Manager (as consented to by the Authority and Asset Manager in writing) in substantially the forms attached as Exhibits E or F hereto, as appropriate, for the purposes and in the manner described in the immediately preceding sentence; provided that the Manager shall provide a monthly report summarizing all amounts paid out of the Subordinate FF&E/CapEx Reserve Fund during each month to the Trustee and the Authority. The Trustee may conclusively rely on a written Request delivered in accordance with this Section and need not conduct an independent investigation as to such matters. Such payments of FF&E and Capital Expenses may be through periodic payments pursuant to an operating or capital lease or other financing mechanism.

(c) Moneys in the Subordinate FF&E/CapEx Reserve Fund may also be used for unbudgeted capital Emergency Expenses, but only to the extent that there are insufficient moneys on deposit in the Cash Trap Funds for such purpose. In connection with any Emergency Expenses that were not specifically contemplated in the Capital Budget, the Manager shall notify the Authority prior to the time that the expenditures in question are made; provided however that if it is impracticable to notify the Authority prior to making such expenditures, then the Manager shall notify the Authority as soon as reasonably practicable after the time that the expenditures in question are made.

(d) The Subordinate FF&E/CapEx Set Aside Amount may be adjusted pursuant to Section 7.34 hereof.

Section 5.15. Primary Cash Trap Fund.

(a) The Trustee shall apply amounts from the Primary Cash Trap Fund to the extent necessary, *first*, to any deficiency in the Senior Debt Service Account pursuant to Section 5.06(a) hereof, and *second*, subject to subsection (d) of this Section, to any deficiency in the Subordinate Debt Service Account pursuant to Section 5.06(b) hereof; provided, however, the amount transferred from the Primary Cash Trap Fund to the Subordinate Debt Service Account pursuant to Section 5.06(b) hereof shall not exceed 50% of the amount on deposit in the Primary Cash Trap Fund and shall not reduce the balance in the Primary Cash Trap Fund below the Minimum Primary Cash Trap Fund Amount.

(b) If an Event of Default is not then in existence, the amounts on deposit in the Funds and Accounts referenced in clauses *First* through *Thirteenth* of Section 5.05(a) hereof are then equal to the amounts required to be on deposit therein and all amounts required to be paid to any Persons pursuant to clause *Tenth* of Section 5.05(a) hereof have been paid, the Authority may, by written Request in substantially the form attached as Exhibit H hereto, direct the Trustee, with respect to amounts in the Primary Cash Trap Fund in excess of the Minimum Primary Cash Trap Fund Amount, to pay any unpaid expenses or obligations incurred with respect to the Project, to pay any Administrative Expenses in excess of the amounts available to pay such Administrative Expenses in the Administrative Expenses Fund or to pay any unpaid expenses or obligations owed by the Authority to third parties which are not otherwise payable as Administrative Expenses, including without limitation any amounts the Authority is obligated to pay under the Management Agreement or any expenses or obligations which the Management Agreement provides will be paid out of the Primary Cash Trap Fund. Unless the Management Agreement has been terminated, pursuant to the Management Agreement and the Cash Management Agreement, the Trustee shall apply moneys on deposit in the Primary Cash Trap Fund as directed by a Request of the Manager in substantially the form attached as Exhibit H hereto (i) to pay amounts reasonably determined by the Manager to be required to be made to protect life, health or property from imminent danger or to comply with Legal Requirements and (ii) at least three Business Days after such Request to pay Operating Expenses, FF&E and Capital Expenses within the Capital Budget, Taxes and costs of insurance, or any other expenses and items requested by the Manager with prior written notice to the Authority and the Asset Manager, at any time during which such Operating Expenses, FF&E, Capital Expenses or other expenses and items exceed Gross Operating Revenues for such month plus the amount otherwise available in the Lockbox Fund, the Senior FF&E/CapEx Reserve Fund and the Subordinate FF&E/CapEx Reserve Fund (to the extent amounts in such Funds are authorized to be used for such expenses and items); provided however, that if the payment of such Operating Expenses, FF&E, Capital Expenses or other expenses and items is not authorized under the Management Agreement or requires the consent or approval of the Authority under the Management Agreement or the Cash Management Agreement, such Request shall be conditioned upon approval by the Authority and the Asset Manager. If an Event of Default is not then in existence, the amounts on deposit in the Funds and Accounts referenced in clauses *First* through *Fourteenth* of Section 5.05(a) hereof are then equal to the amounts required to be on deposit therein and all amounts required to be paid to any Persons pursuant to clause *Tenth* of Section 5.05(a) hereof have been paid, the Authority may, by written Request in substantially the form attached as Exhibit H hereto, direct the Trustee to pay from amounts on deposit in the Primary Cash Trap Fund any unpaid expenses or obligations incurred with respect to the Project or to pay any Administrative Expenses in excess of the amounts available to pay such Administrative Expenses in the Administrative Expenses Fund. The Trustee may conclusively rely on a written Request delivered in accordance with this Section and need not conduct an independent investigation as to such matters.

(c) Amounts in excess of the Minimum Primary Cash Trap Fund Amount in the Primary Cash Trap Fund (or all amounts in the Primary Cash Trap Fund if no Subordinate Bonds are then Outstanding), together with amounts available for such

purpose in the Funds and Accounts as set forth in Section 5.08(c) hereof, may, at the direction of the Authority, be applied to pay the principal and Redemption Price of and interest on all Outstanding Senior Bonds in the manner as set forth in Section 5.08(c) hereof.

(d) Notwithstanding any provision of this Indenture to the contrary, the Authority shall provide the Trustee with a certificate to the effect that, as calculated by an Accountant based upon information supplied by the Manager, the Debt Service Coverage Ratios for the Senior Bonds were for the most recently concluded Operating Year and are projected to be for the current Operating Year and the following three Operating Years at least 1.40:1.00 as a precondition to the disbursement of any amounts from the Primary Cash Trap Fund to make good any deficiency in the Subordinate Debt Service Account pursuant to Section 5.06(b) hereof.

(e) Moneys in the Primary Cash Trap Fund may also be used for unbudgeted capital Emergency Expenses. In connection with any Emergency Expenses that were not specifically contemplated in the Capital Budget, the Manager shall notify the Authority prior to the time that the expenditures in question are made; provided however that if it is impracticable to notify the Authority prior to making such expenditures, then the Manager shall notify the Authority as soon as reasonably practicable after the time that the expenditures in question are made.

(f) If on the first Business Day following each Interest Payment Date on the Senior Bonds, the amounts on deposit in the Funds and Accounts referenced in clauses *First* through *Eighth* and *Eleventh* through *Thirteenth* of Section 5.05(a) hereof are not then equal to the amounts required to be on deposit therein or the amount required to be paid to any Person pursuant to clause *Tenth* of Section 5.05(a) hereof has not been paid after any transfers made thereto from the Secondary Cash Trap Fund, then amounts on deposit in the Primary Cash Trap Fund shall be applied to any deficiency in any Account or Fund referenced in clauses *First* through *Eighth* and *Eleventh* through *Thirteenth* of Section 5.05(a) hereof and used to pay such Person pursuant to clause *Tenth* of Section 5.05(a) hereof in such order of priority.

(g) If an Event of Default is not then in existence, the amounts on deposit in the Funds and Accounts referenced in clauses *First* through *Eighth* and *Eleventh* through *Fourteenth* of Section 5.05(a) hereof are then equal to the amounts required to be on deposit therein and all amounts required to be paid to any Persons pursuant to clause *Tenth* of Section 5.05(a) hereof have been paid, then, on the first Business Day following the last Interest Payment Date in December of each year on the Senior Bonds, all amounts on deposit in the Primary Cash Trap Fund in excess of \$9,000,000 shall be deposited into the Secondary Cash Trap Fund until the balance in the Secondary Cash Trap Fund equals fifteen percent (15%) of the principal amount of Bonds then Outstanding, and thereafter as follows (provided, however, if an Event of Default has occurred and is continuing hereunder, all such amounts shall remain on deposit in the Primary Cash Trap Fund):

(i) an amount equal to fifty percent (50%) shall be deposited to the Secondary Cash Trap Fund; and

(ii) an amount equal to fifty percent (50%) shall be, *first*, used to pay any amounts then due or transfers then required by any agreement or other instrument creating or evidencing any secured obligation meeting the requirements set forth in Section 12.01 hereof which is not a Senior Bond, a Subordinate Bond or Short Term Indebtedness and, *second*, deposited to the Excess Revenue Fund.

Section 5.16. Administrative Expenses Fund. There shall be deposited in the Administrative Expenses Fund pursuant to Section 5.05(a) hereof such amounts as are required to pay the Administrative Expenses related to the administration of the Bonds and the Project, including specifically, but without limitation, fees and expenses of any Consultant and the expenses of the Authority. Upon the written requisition of an Authorized Authority Representative, amounts deposited in the Administrative Expenses Fund are to be withdrawn for payment for the Administrative Expenses then due and owing or to reimburse the Authority for the payments of any Administrative Expenses previously paid by the Authority; provided that the Trustee may debit its semiannual fee only which is then due and owing directly against the amount on deposit in the Administrative Expenses Fund without the need for such requisition.

Section 5.17. Subordinate Management Fee Fund.

(a) The Trustee shall apply amounts from the Subordinate Management Fee Fund to the extent necessary, *first* to any deficiency in the Senior Debt Service Account pursuant to Section 5.06(a) hereof and *second* to any deficiency in the Subordinate Debt Service Account pursuant to Section 5.06(b) hereof.

(b) After paying the amounts, if any, set forth in subsection (a) of this Section, all amounts remaining on deposit in the Subordinate Management Fee Fund shall be paid to the Manager (including any prior Manager) entitled to such Subordinate Management Fee (to be paid in the order such Subordinate Management Fees were accrued) on the first Business Day following each Interest Payment Date for the Senior Bonds.

Section 5.18. Supersubordinate Management Fee Fund.

(a) The Trustee shall apply amounts from the Supersubordinate Management Fee Fund to the extent necessary, *first*, to any deficiency in the Senior Debt Service Account pursuant to Section 5.06(a) hereof, and *second*, to any deficiency in the Subordinate Debt Service Account pursuant to Section 5.06(b) hereof.

(b) After paying the amounts, if any, set forth in subsection (a) of this Section, all amounts remaining on deposit in the Supersubordinate Management Fee Fund shall be paid to the Manager (including any prior Manager) entitled to such Supersubordinate Management Fee (to be paid in the order such Supersubordinate Management Fees were accrued) on the first Business Day following each Interest Payment Date for the Senior Bonds.

Section 5.19. Taxes and Insurance Fund.

(a) The Trustee shall apply amounts from the Taxes and Insurance Fund to any deficiency in the Senior Debt Service Account pursuant to Section 5.06(a) hereof to the extent the amounts in the Taxes and Insurance Fund exceed the amounts anticipated to be required to pay Taxes and insurance premiums then due and payable.

(b) There shall be deposited in the Taxes and Insurance Fund pursuant to Section 5.05(a) hereof such amounts as are required to pay all Taxes (including, but not limited to property taxes, personal property taxes and payments in lieu of taxes) and insurance premiums that become due and payable with respect to the ownership and operation of the Project and to pay any costs incurred by the Authority in challenging the imposition of any Taxes. Moneys in the Taxes and Insurance Fund shall be paid out from time to time by the Trustee to pay all Taxes (including, but not limited to property taxes, personal property taxes and payments in lieu of taxes) and insurance premiums and to pay any costs incurred by the Authority in challenging the imposition of any Taxes that become due and payable with respect to the ownership and operation of the Project, as directed by a Request of the Manager, or if none, the Authority, in substantially the form set forth in Exhibit G hereto. The Trustee may conclusively rely on a written Request delivered in accordance with this Section and need not conduct an independent investigation as to such matters.

Section 5.20. Excess Revenue Fund. Amounts on deposit in the Excess Revenue Fund are for the sole benefit of the Authority, do not constitute a part of the Trust Estate securing the Bonds and shall be held for the benefit of, and may be disbursed to, the Authority free and clear of any lien of this Indenture. The Trustee shall disburse amounts on deposit in the Excess Revenue Fund as directed by a Request of the Authority in substantially the form attached as Exhibit I hereto.

Section 5.21. Insurance and Condemnation Proceeds Fund.

(a) The proceeds of insurance with respect to the Project maintained or caused to be maintained by the Authority against loss or damage by fire, lightning, and all other risks covered by the extended coverage insurance endorsement, as required pursuant to Section 7.21 hereof, the proceeds of any title insurance with respect to the Project obtained pursuant to this Indenture, the proceeds of the Performance and Payment Bond or any other performance and payment bond or guaranty with respect to the Project, and the proceeds of any Taking with respect to the Project, shall be deposited immediately upon receipt by the Trustee, as assignee of the Authority, in the Insurance and Condemnation Proceeds Fund; provided however, that if such amount is less than \$50,000, then subject to Section 7.24 hereof such amount shall be distributed immediately to or at the direction of the Authority which amount shall be applied to the cost of the repair or replacement of the property damaged, destroyed or taken. After deducting therefrom the reasonable charges and expenses of the Trustee in connection with the collection and disbursement of such moneys, moneys in the Insurance and Condemnation Proceeds Fund shall be disbursed or applied by the Trustee in accordance with and subject to Section 7.24 hereof.

(b) If pursuant to Section 7.24 hereof, Available Amounts (as such term is defined in Section 7.24(a) hereof) are not to be applied to repair or replace the property damaged, destroyed or taken, amounts deposited in the Insurance and Condemnation Fund shall be used or transferred in the following order of priority:

- (i) used to pay any outstanding Operating Expenses;
- (ii) used to pay any outstanding Taxes or insurance premiums;
- (iii) used to pay any outstanding Short Term Indebtedness;
- (iv) used to pay any outstanding Administrative Expenses;
- (v) transferred to the Senior Debt Service Account in order to redeem the Senior Bonds;
- (vi) transferred to the Subordinate Debt Service Account in order to redeem the Subordinate Bonds
- (vii) used to pay any outstanding Subordinate Management Fees; and
- (viii) used to pay any outstanding Supersubordinate Management Fees and to pay Reimbursement Obligations.

(c) After completion of the repairs or replacement of the property damaged, destroyed or taken, and all costs associated therewith have been paid, any amounts remaining in the Insurance and Condemnation Proceeds Fund shall be deposited into the Available Revenue Fund and deposited into the various Funds on the first Business Day of the next month in the manner set forth in Section 5.05 hereof.

(d) Notwithstanding subsection (a) of this Section, the proceeds of business interruption insurance maintained pursuant to Section 7.21(b)(ii) hereof shall be deposited by the Trustee when and as received in a segregated account (the "Business Interruption Account") within the Insurance and Condemnation Proceeds Fund, which Account shall be established by the Trustee upon receipt of notice that the carrier of such insurance will be paying claims thereon to the Trustee. The Trustee shall hold the Business Interruption Account in trust under this Indenture separate and apart from any other Funds and Accounts. Amounts deposited in the Business Interruption Account shall be immediately transferred in the following order of priority:

- (i) to the Senior Debt Service Account, an amount for payment of debt service on the Senior Bonds when due;
- (ii) to the Taxes and Insurance Fund, an amount for payment of Taxes or insurance premiums when due with respect to the ownership and operation of the Project;

(iii) to the Lockbox Fund, an amount for payment of Operating Expenses (including the Base Management Fee to the extent covered by such business interruption insurance) when due;

(iv) to the Administrative Expenses Fund, an amount for payment of Administrative Expenses when due;

(v) to the Subordinate Debt Service Account, an amount for payment of debt service on the Subordinate Bonds when due;

(vi) to the Subordinate Management Fee Fund, an amount for payment of the Subordinate Management Fee when due; and

(vii) to the Supersubordinate Management Fee Fund, an amount for payment of the Supersubordinate Management Fee when due; and

(viii) to the Lockbox Fund, the balance, if any, for application by the Trustee as provided in this Article.

Notwithstanding the foregoing, amounts required to be transferred pursuant to this subsection (d) shall be reduced to the extent the insurance carrier has directly paid business interruption insurance proceeds to parties other than the Trustee, which reduction shall be allocated in any manner deemed fair and appropriate by the Trustee. The Trustee shall be entitled to rely on a Certificate of the Authority in making the transfers set forth in this subsection (d).

(e) Notwithstanding anything herein to the contrary, if proceeds of insurance relate to any loss or damage to any property not constituting the Project, such proceeds shall be disbursed directly to the Persons legally entitled to such insurance proceeds.

Section 5.22. Rebate Fund. Moneys shall be deposited into the Rebate Fund pursuant to Section 5.05(a) hereof in the amount required pursuant to the Tax Certificates delivered in connection with the issuance of the Series 2016 Bonds and pursuant to any similar instrument or certificate delivered by the Authority in connection with the issuance of any Additional Bonds (collectively, the "Tax Certificates"). Notwithstanding any other provision hereof or of any other instrument, moneys on deposit in the Rebate Fund shall not be part of the Trust Estate and, except as otherwise provided in this Section, moneys on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due to the United States of America with respect to the Bonds pursuant to Section 148(f) of the Code. Moneys on deposit in the Rebate Fund shall be forwarded to the United States Treasury at the times and in the amounts set forth in the Tax Certificates. If the moneys on deposit in the Rebate Fund are insufficient for the purpose thereof, the Authority shall direct the Trustee to transfer moneys in the amount of the insufficiency to the Rebate Fund from any amounts in any of the Funds and Accounts in excess of the amount necessary to be on deposit therein and otherwise from amounts then on deposit in the Funds and Accounts described in clauses *First* through *Fifteenth* of Section 5.05(a) hereof in such order of priority; provided that such transfer shall not be made from amounts on deposit in the Taxes and Insurance Fund, the Senior FF&E/CapEx Reserve Fund or the Operating Reserve Fund (but only if such transfer would result in the remaining balance in the Operating Reserve Fund being less

than \$5,000,000) without the prior written consent of the Manager, or any Debt Service Account if such transfer would result in a shortfall in the amount on deposit therein to pay Debt Service on any Bonds then due. Upon receipt by the Authority of an opinion of Bond Counsel or a certificate of a Rebate Analyst to the effect that the amount in the Rebate Fund is in excess of the amount required to be contained therein, such excess shall be transferred to the Available Revenue Fund.

Section 5.23. Authority Fund. All amounts deposited to the Authority Fund are for the sole benefit of the Authority, do not constitute a part of the Trust Estate securing the Bonds and shall be held for the benefit of, and may be disbursed at the direction of the Authority, for any purpose related to the Bonds, the Convention Center or the Project free and clear of any lien of this Indenture. The Trustee shall disburse amounts on deposit in the Authority Fund as directed by a Request of the Authority in substantially the form attached as Exhibit J hereto.

Section 5.24. Right of Access to Funds by the Manager and the Authority.

(a) Notwithstanding anything contained in this Indenture to the contrary, so long as the Management Agreement has not terminated, the Manager is entitled to submit Requests and receive funds as described elsewhere in this Article for the purposes and in the manner described therein notwithstanding any Event of Default (as defined in this Indenture), the breach of any provision of this Indenture or the occurrence of any event or condition which with the giving of notice, the passage of time or both would constitute an Event of Default (as defined in this Indenture).

(b) If the Management Agreement has terminated and a new Management Agreement has not been entered into, until a replacement Manager has entered into a Management Agreement with the Authority, the Authority shall be entitled to submit Requests and receive funds as described elsewhere in this Article as if the Authority was the Manager.

ARTICLE VI

MONEYS HELD IN TRUST, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 6.01. Moneys Held in Trust. All moneys held by the Trustee under the provisions of this Indenture shall be deposited with the Trustee, and held in the name of the Trustee, in such capacity hereunder. All moneys deposited under the provisions of this Indenture with the Trustee shall be held in trust and applied only in accordance with the provisions of this Indenture and the Cash Management Agreement and each of the Funds and Accounts established by this Indenture shall be a trust fund for the purpose of this Indenture subject to application thereof as set forth herein and in the Cash Management Agreement.

Section 6.02. Deposits and Transfers.

(a) All moneys held by the Trustee under this Indenture may be placed in demand or time deposits and, if and as directed by the Authority, invested in Investment

Securities, provided that such deposits shall permit the moneys so held to be available for use at the time when needed.

(b) All moneys held under this Indenture by the Trustee (other than moneys held in the Excess Revenue Fund, the Authority Fund and the Rebate Fund) shall be held in trust for the benefit of the Authority and the Registered Owners of the Bonds and, to the extent available to the Manager under this Indenture and the Cash Management Agreement, respectively, the Manager.

(c) All moneys deposited with the Trustee shall be credited to the particular Fund or Account to which such moneys belong.

(d) Except as otherwise provided by Supplemental Indenture, any transfer required to be made from one Fund or Account to another Fund or Account held by the same Person may be made by book transfer of any moneys or investments or portions of investments without liquidating any investments in order to make such transfer unless the funds required to be transferred are needed to make payments out of the Fund or Account to which such funds were transferred at the time of transfer. Investments may also be exchanged between Funds and Accounts if the Authority and the Trustee determine such transfer to be the best way to preserve the Trust Estate.

Section 6.03. Investment of Funds.

(a) Investments shall be made in accordance with applicable law. Moneys held in any Fund or Account to be held by the Trustee shall be invested and reinvested by the Trustee as promptly as practicable, in accordance with a Letter of Instructions of the Authority, or a designee of the Authority, in Investment Securities; provided that investments of moneys on deposit in the Senior Debt Service Reserve Fund shall be invested solely in Investment Securities described in clause (a) of the definition thereof which mature in two years or less, and/or in Investment Securities described in clauses (g) and (k) of the definition thereof. If the Trustee fails to receive such directions at least one Business Day before the day on which any amounts are required to be invested, the Trustee shall invest such amounts in an Investment Security described in clause (d) of the definition thereof. Notwithstanding anything herein to the contrary, Investment Securities in all Funds and Accounts shall mature, or the principal of and accrued interest on such Investment Securities shall be available for withdrawal without penalty, not later than such times as shall be necessary to provide moneys when needed for payment to be made from such Funds and Accounts. The Trustee shall not be responsible for determining whether or not any Investment Securities are legal investments under the laws of the State. The Trustee shall not be responsible for any loss in any investment in any Fund or Account.

(b) Except as otherwise provided in this subsection (b) or by Supplemental Indenture, interest earned or profits realized from investing any moneys deposited in the Funds and Accounts or any subaccount thereof shall be transferred to the Available Revenue Fund and applied pursuant to Section 5.05(a) hereof. Notwithstanding the foregoing:

(i) interest and profits from the Rebate Fund shall be retained in the Rebate Fund;

(ii) interest and profits from the Senior Debt Service Reserve Fund shall be deposited into the Senior Debt Service Account;

(iii) interest and profits from the City Repayment Fund shall be deposited into the Excess Revenue Fund; provided, however, that during any year in which the City has failed to appropriate sufficient moneys to make the Economic Development Payment required to be made pursuant to the Economic Development Agreement and for each year subsequent to the termination of the Economic Development Agreement, interest and profits from the City Repayment Fund shall be retained in the City Repayment Fund;

(iv) interest and profits from the Senior FF&E/CapEx Reserve Fund shall be retained in the Senior FF&E/CapEx Reserve Fund;

(v) interest and profits from the Subordinate FF&E/CapEx Reserve Fund shall be retained in the Subordinate FF&E/CapEx Reserve Fund;

(vi) interest and profits from the Operating Reserve Fund shall be deposited into the Senior Debt Service Account; and

(vii) interest and profits from the Authority Fund shall be retained in the Authority Fund.

Section 6.04. Valuation and Sale of Investments.

(a) Investment Securities acquired as an investment of moneys in any Fund or Account created under the provisions of this Indenture shall be at all times a part of such Fund or Account and any profit or loss realized from the liquidation of such investment shall be applied as provided in Section 6.03(b) hereof.

(b) For the purpose of determining the amount in any Fund, all Investment Securities credited to such Fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Piper Jaffray & Co., Citi, [OTHERS]. As to certificates of deposit and bankers' acceptances, such Investment Securities shall be valued at the face amount thereof, plus accrued interest thereon. As to any investment not specified above, such Investment Securities shall be valued at the value thereof established by prior agreement between the Authority and the Trustee.

(c) Except as otherwise provided in this Indenture, the Trustee shall sell, or present for redemption, any Investment Security so purchased as an investment whenever it shall be requested in writing by an Authorized Authority Representative to do so or whenever it shall be necessary in order to provide moneys to meet any payment or

transfer from any Fund or Account held by it. The Trustee shall not be liable or responsible for any loss resulting from any such sale.

(d) Investment Securities in the Senior Debt Service Reserve Fund shall be marked to market on each December 1 and may not have maturities extending beyond five years, except for Investment Agreements or Repurchase Agreements approved by the Controlling Party.

ARTICLE VII

PARTICULAR COVENANTS AND REPRESENTATIONS OF THE AUTHORITY

Section 7.01. Payment of Bonds. The Authority shall duly and punctually pay or cause to be paid, but solely from the Trust Estate pledged therefor by this Indenture, the principal and Redemption Price of and interest on the Bonds, at the date and places and in the manner mentioned in the Bonds, according to the true intent and meaning thereof.

Section 7.02. Acquisition, Installation and Construction of the Project. The Authority represents that the Project has achieved Final Completion (as such term was defined in the Original Glossary).

Section 7.03. Application of Funds and Accounts. The Authority shall direct the Trustee to disburse funds on deposit in the Funds and the Accounts herein in accordance with this Indenture.

Section 7.04. Money for Bond Payments to be Held in Trust.

(a) On or before each Interest Payment Date of the principal, Accreted Value and Redemption Price of or interest on any Bonds, the Authority shall, pursuant to the terms and provisions of this Indenture and from the Trust Estate established hereunder, deposit with the Trustee a sum sufficient to pay the principal, Accreted Value and Redemption Price of or interest on the Bonds so due and payable, such sum to be held in trust for the benefit of the Registered Owners of the Bonds entitled to such principal, Accreted Value, Redemption Price or interest.

(b) The Trustee shall serve as paying agent for the Bonds. As paying agent, the Trustee agrees, subject to the provisions of this Section, that as paying agent it will:

(i) hold all sums held by it for the payment of principal, Accreted Value, Redemption Price or interest on the Bonds in trust for the benefit of the Registered Owners of the Bonds entitled thereto, until such sums shall be paid to such Registered Owners of the Bonds, or otherwise disposed of as herein provided; and

(ii) give the Authority notice of any default in the making of any such payment of principal, Accreted Value, Redemption Price or interest on the Bonds.

Section 7.05. Power to Enter Into Indenture, Issue Bonds and Pledge Trust Estate.

The Authority is duly authorized under all applicable laws to create and issue the Bonds, to enter into this Indenture, and to pledge the Trust Estate pledged by this Indenture in the manner and to the extent provided in this Indenture and no other authorization or consent is required thereof. The Trust Estate so pledged is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto except the pledge granted by this Indenture to the extent provided in this Indenture and Permitted Encumbrances that may exist from time to time, and all action on the part of the Authority to that end has been and will be duly and validly taken. This Indenture has been duly and lawfully entered into by the Authority, is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms subject only to the laws relating to bankruptcy, creditors' rights and principles of governmental law and equity. The Bonds and the provisions of this Indenture are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of this Indenture subject only to the laws relating to bankruptcy, creditors' rights and principles of governmental law and equity. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect its title to the Trust Estate, the pledge of the Trust Estate under this Indenture and all the rights of the Registered Owners under this Indenture against all claims and demands of all persons whomsoever.

Section 7.06. Maintenance of Corporate Existence of the Authority; Consolidation, Merger, Sale or Transfer of Assets Under Certain Conditions. The Authority covenants and agrees that, so long as any Bonds are Outstanding, it will maintain its existence as a Colorado nonprofit corporation, and will not dissolve, sell or otherwise dispose of all or substantially all of its assets (unless all Bonds then Outstanding are redeemed, paid or defeased from the proceeds of such sale) nor consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided that the Authority may, without violating the covenants contained in this Section, consolidate with or merge into another corporation (and dissolve the Authority in connection therewith), or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation such assets (and dissolve the Authority in connection therewith), if:

- (a) The surviving, resulting or transferee corporation, as the case may be:
 - (i) qualifies as an instrumentality of the City for purposes of Section 115 of the Code;
 - (ii) assumes in writing, if such corporation is not the Authority, all of the covenants, conditions and obligations of the Authority and the performance thereof under this Indenture and all other Main Transaction Documents;
 - (iii) will not be in default (after the expiration of all cure periods) under any provisions of this Indenture or any other Main Transaction Document;
 - (iv) agrees in writing to the covenants of the Authority set forth in this Indenture (including, without limitation, Section 7.12 hereof) and all other Main Transaction Documents; and

(v) provides evidence satisfactory to Trustee that all Main Transaction Documents remain in full force and effect and binding on the parties, including such transferee, thereto, enforceable against them in accordance with their respective terms.

(b) The Trustee shall have received an opinion of Bond Counsel to the effect that such merger, consolidation, sale or other transfer will not cause interest on the Bonds to be includible in gross income for federal income tax purposes under Section 103 of the Code.

Section 7.07. Limitation on Encumbrances. The Authority covenants and agrees that it will not directly or indirectly create, assume or suffer to exist any mortgage, deed of trust, pledge, security interest, encumbrance, lien or charge of any kind (a "security interest") upon any of its property or assets or any revenues, income or profit therefrom, whether such property is now owned or hereafter acquired, other than (a) the Deed of Trust, (b) Permitted Encumbrances, or (c) to further secure the Senior Bonds or the Subordinate Bonds; provided however that in the event a lien is filed against the Project or any portion thereof, the Authority shall, within 60 days after the filing thereof, (i) take such action as necessary to cause the lien to be removed from the Project or (ii) provide a bond to indemnify against such lien in accordance with the requirements of the applicable Colorado statute. In any event, the Authority shall cause the removal of such lien prior to the foreclosure thereof. The Authority covenants and agrees that it will not incur any indebtedness other than as permitted by the terms of this Indenture, or assume or guarantee any indebtedness of the City or any other entity.

Section 7.08. [RESERVED].**Section 7.09. Tax Covenant.**

(a) The Authority covenants for the benefit of the Registered Owners of the Series 2003A Bonds, the Series 2006 Bonds, and the Series 2016 Bonds that it will not take any action or omit to take any action with respect to the Series 2003A Bonds, the Series 2006 Bonds, and the Series 2016 Bonds, the proceeds thereof, any other funds of the Authority or any facilities financed or refinanced with the proceeds of the Series 2003A Bonds, the Series 2006 Bonds, and the Series 2016 Bonds if such action or omission (i) would cause the interest on the Series 2003A Bonds, the Series 2006 Bonds, and the Series 2016 Bonds to lose their respective exclusion from gross income for federal income tax purposes under Section 103 of the Code; or (ii) would cause interest on the Series 2003A Bonds, the Series 2006 Bonds, and the Series 2016 Bonds to lose their respective exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code, except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income. In furtherance of this covenant, the Authority agrees to comply with the procedures set forth in the Tax Certificates delivered by the Authority in connection with the issuance of the Series 2003A Bonds, the Series 2006 Bonds, and the Series 2016 Bonds, and the provisions of any similar certificate or instrument delivered by the Authority in connection with the issuance of Additional Bonds the interest on which is excluded from gross income for

federal income tax purposes. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Series 2003A Bonds, the Series 2006 Bonds, and the Series 2016 Bonds, until the date on which all obligations of the Authority in fulfilling the above covenant under the Code have been met.

(b) The Authority covenants for the benefit of the Registered Owners of the Bonds that, if necessary, it will requisition amounts on deposit under this Indenture not otherwise required to pay Debt Service then due on any of the Bonds to make any payment to any Person for any reason if such payment will, in the opinion of Bond Counsel, prevent the interest on the Bonds from losing its exclusion from gross income for federal income tax purposes under Section 103 of the Code; provided, however, that the payment of such amount shall not deprive the Authority from any rights it may have to pursue remedies arising from such payment against other Persons.

Section 7.10. Limitation on Disposition of Assets. With the exception of (a) changes in corporate ownership which are expressly permissible under Section 7.06 hereof, (b) security interests permitted under Section 7.07 hereof, (c) assets sold, leased or disposed of in the ordinary course of business not to exceed \$5,000,000 in any Operating Year without the prior written consent of the Controlling Party, (d) the disposal of FF&E which is damaged, dilapidated or obsolete and replacement thereof with FF&E determined by the Manager to be of comparable quality, utility and value, or (e) a disposition of the Project which occurs after or contemporaneously with the defeasance of all of the Bonds, the Authority shall not cause or suffer to occur any sale, lease, pledge, encumbrance or other Transfer of (i) the Trust Estate or any interest therein or component part thereof, including without limitation, the Authority's right, title and interest in and to the Project, or (ii) any direct or indirect ownership or beneficial interest in the Authority, irrespective of the number of tiers of ownership.

Section 7.11. Continuing Disclosure. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this Indenture, failure of the Authority to comply with the Continuing Disclosure Undertaking or this Section shall not be considered an Event of Default; however, the Trustee, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Undertaking) or the Beneficial Owners of at least 25% aggregate principal amount in Outstanding Senior Bonds and Subordinate Bonds shall, only to the extent indemnified pursuant to Section 10.03(a) hereof from any cost, expense or liability arising from or related thereto, or any Beneficial Owner of the Senior Bonds and Subordinate Bonds may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Authority to comply with its obligations under this Section.

Section 7.12. Sole Purpose Authority. The Authority covenants that it is a sole purpose corporation formed for the purpose of owning, acquiring, constructing, equipping, operating, financing and taking any other action that a Colorado nonprofit corporation may take with respect to a convention center headquarters hotel adjacent to the Colorado Convention Center; provided however, that the Authority may also own, encumber, sell or purchase one or more other hotels within the City if permitted by the provisions of this Indenture. The Authority covenants that it will continue to be engaged solely in the business specified in the previous

sentence unless its articles of incorporation are amended pursuant to this Indenture to permit other activities.

Notwithstanding any other provision of law, the Articles of Incorporation and this Indenture, the rights, powers, privileges and immunities of the Authority shall be restricted as follows:

(a) The Authority shall be operated exclusively for, and the property and income of the Authority shall be used exclusively for, the purposes described in this Section;

(b) No part of the net earnings of the Authority shall inure to the benefit of, or be distributable to, its directors, officers or employees or private Persons, except that the Authority shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its authorized purposes.

(c) No substantial part of the activities of the Authority shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Authority shall not participate or intervene in (including the publishing or distribution of statements regarding) any political campaign on or on behalf of any candidate for public office.

(d) The Authority shall not engage in any activities which would cause it to be characterized as an action organization, as described in Treasury Regulations § 1.501(c)(3)-1(c)(3).

(e) All costs of owning, acquiring, constructing, equipping, operating and financing the Hotel shall be paid by the Authority and all obligations relating thereto shall be satisfied by the Authority from its own revenues and assets, which may include proceeds of Authority revenue bonds. For purposes of this paragraph, the cost of acquiring the Hotel shall be deemed to include the actual cost of acquiring a site and the cost of construction of any part of the Hotel which may be constructed (including architects' and engineers' fees), the purchase price of any part of the Hotel that may be acquired by purchase and all expenses in connection with the authorization, sale and issuance of debt of the Authority issued to finance such acquisition.

(f) The Authority shall conduct its business in its own name, with its own personnel, from an office or offices separate from the offices of the City or any Affiliate of the City and using its own stationery, invoices and checks; shall hold itself out as an independent nonprofit corporation that is separate and distinct from the City; shall hold title to its property in its own name or the name of a nominee or other Person who is not the City or an Affiliate of the City; and shall not, nor shall any of its directors, officers or employees, refer to the Authority as a department, section, agency, board, commission or other component of the City for purposes of the charter and ordinances of the City or any other purpose or permit the City to direct or interfere in the day-to-day operations of the Authority. The Authority and its directors, officers and employees shall correct any known misunderstanding regarding the Authority's status as an independent nonprofit corporation that is separate and distinct from the City. Notwithstanding these limitations,

the Authority may by contract agree to be bound by covenants that impose obligations on it that are similar to obligations imposed on City departments and agencies and on independent contractors of the City by the charter and ordinances of the City.

(g) The Authority shall observe all organizational, procedural and operational formalities for Colorado nonprofit corporations, including holding regular meetings of the board of directors, maintaining appropriate minutes and other corporate records regarding action by the board of directors (including, without limitation, written consents) of all appropriate actions and filing tax returns and complying with other governmental rules and regulations in its own name.

(h) The Authority's assets and funds shall be segregated from, and shall never be commingled with, the assets or funds of the City, any Affiliate of the City or any other Person. The Authority shall maintain its financial and accounting books and records and financial statements separate from those of the City, any Affiliate of the City or any other Person.

(i) The Authority shall pay its officers, employees and contractors and shall pay its revenue bonds and contractual and other obligations from its own funds.

(j) Any transactions between the Authority and the City or any Affiliate of the City or between any Affiliate of the Authority and the City or any Affiliate of the City (including any services performed by an employee of one of them for the benefit of the other) shall be on arm's-length terms and in exchange for fair value. Any loan made by the City or an Affiliate of the City to the Authority or an Affiliate of the Authority shall be on arm's-length terms and shall be reasonably expected to be repaid in accordance with its terms.

(k) The Authority shall maintain adequate capital in light of its contemplated business operations.

(l) The Authority shall pay from its assets all revenue bonds, leases and other obligations of any kind incurred by the Authority and shall not pay from its assets any debt or other obligations of any other Person. Except in connection with its own revenue bonds, leases or agreements with respect to lines or letters of credit, the Authority shall not pledge its assets for the benefit of any other Person or make any loans or advances to any Person.

(m) The Authority shall not guarantee or become obligated for any debt or other obligation of any other Person or hold out its credit as being available to satisfy the debt or other obligation of any other Person.

(n) The Authority shall file its own tax returns, if any, as may be required under applicable law, to the extent (i) not part of a consolidated group filing a consolidated return or returns or (ii) not treated as a division for tax purposes of another taxpayer, and pay any taxes so required to be paid under applicable law;

(o) The Authority shall retain as its Accountant a nationally recognized firm of independent certified public accountants, provided that such Accountant may also serve as accountants of the City and provided further that such Accountant may also serve as accountants for the Project.

(p) Except as otherwise provided in the Main Transaction Documents, the Authority shall not pledge its assets for the benefit of the City or any other entity.

(q) The Authority shall not acquire assets or property other than the Trust Estate and any accretion thereto, or as otherwise specifically permitted by this Indenture or a Supplemental Indenture;

(r) The Authority shall not, nor permit the City to, amend, modify or otherwise change its articles of incorporation, by-laws, and other organizational documents in any manner, other than as expressly permitted under Section 7.16 hereof; and

(s) Except as expressly permitted pursuant to Section 7.06 hereof, the Authority shall not enter into any transaction of merger or consolidation, or acquire by purchase or otherwise all or substantially all of the business or assets of, or any stock or beneficial ownership of, any Person.

Section 7.13. Zoning. The Site is zoned for use as B5-Central Business Zone District, including hotel, commercial and residential uses, which zoning designation is unconditional, in full force and effect, and is beyond all applicable appeal periods. The Site is in compliance with all applicable zoning, subdivision and land use laws, regulations and ordinances and the Project, and is in compliance in all material respects with all applicable health, fire, and building codes, and all other Laws applicable to the Project, including without limitation the Americans with Disabilities Act. In the event that all or any part of the Project is destroyed or damaged, assuming that as of such date there has been no material change in the zoning, subdivision and land use laws, regulations and ordinances since the date hereof, said Project can be legally reconstructed to its condition prior to such damage or destruction, and thereafter exist for the same use without violating any zoning or other ordinances applicable thereto and without the necessity of obtaining any variances or special permits, other than customary demolition, building and other construction related permits. The Approved GMP Plans and Specifications contemplate sufficient permanent parking spaces (both regular spaces and handicap spaces) to satisfy all requirements imposed by Applicable Law and other Project Requirements with respect to parking. No legal proceedings are pending or, to the knowledge of the Authority, threatened with respect to the zoning of the Project. Neither the zoning nor any other right to construct, use or operate the Site or the Project is in any way dependent upon or related to any real estate other than the Site or the Project.

Section 7.14. Guaranties. The Authority covenants and agrees it shall not guarantee the indebtedness of another Person.

Section 7.15. Pay Officers or Directors. The Authority shall not pay any compensation or make any distribution of income or other assets to any of its officers or directors other than as compensation to such persons in their capacities as employees, contractors or suppliers of the

Authority or the reimbursement of ordinary out-of-pocket expenses; provided, however, the Authority may pay its directors a reasonable fee for such directors' attendance at meetings of the Authority, as provided in its bylaws.

Section 7.16. Amend Articles and Bylaws. The Authority shall not amend the Authority's articles of incorporation or bylaws: (a) in any manner that would result in inclusion of interest on the Bonds in gross income for federal income tax purposes, and (b) in any manner not otherwise permitted by this Indenture that would adversely affect the interest of the Registered Owners of the Bonds, as determined by an Opinion of Bond Counsel, without the prior written consent of the Controlling Party.

Section 7.17. Maintenance of the Project. The Authority shall maintain or cause to be maintained the Project in good and substantial repair and condition; provided that, if all or any of the Project shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of Sections 5.21 and 7.24 hereof.

Section 7.18. Bankruptcy, Insolvency; Receiver.

(a) The Authority shall not (i) commence any case, proceeding or other action or file a petition under any existing or future bankruptcy, insolvency or similar law seeking (A) to adjudicate the Authority a bankrupt or insolvent, (B) to have an order for relief entered with respect to the Authority, or (C) reorganization, arrangement, adjustment, wind-up, liquidation, dissolution, composition or other relief with respect to the Authority or its revenue bonds or other obligations, (ii) consent to the institution of bankruptcy or insolvency proceedings against the Authority, (iii) seek or consent to the appointment of a receiver, custodian, liquidator, assignee, trustee, sequestrator (or other similar official) of the Authority or a substantial part of its property, (iv) except as required by law, admit the Authority's inability to pay its revenue bonds or other obligations generally as they become due, (v) fail generally to pay its revenue bonds or other obligations as such revenue bonds or other obligations become due within the meaning of the United States Bankruptcy Code, as determined by a relevant bankruptcy court, (vi) make a general assignment by the Authority for the benefit of creditors, or (vii) authorize, take any action in furtherance of, consent to or acquiesce in any of the foregoing or any similar action or other proceedings under any United States or state bankruptcy or insolvency or similar law on behalf of, or with respect to, the Authority.

(b) If a court of competent jurisdiction determines that the Authority may, notwithstanding the prohibition set forth in subsection (a) of this Section, take an action prohibited by subsection (a) of this Section, the Authority shall not take any such action without the affirmative vote of all of the directors then in office (excluding any director who is or ever has been an officer or employee of the City at any time during the director's current term of office), the written consent of the Mayor and the approval of the City Council by ordinance.

(c) The Authority immediately shall give notice to the Trustee of the filing of any petition, or commencement of any proceedings, in bankruptcy, or for a receiver or insolvency or for reorganization or composition, or any assignment for the benefit of

creditors generally to a trustee for the benefit of creditors generally, relating to the Authority, the Project or any part thereof.

(d) Notwithstanding the foregoing prohibitions, if the Authority, or its creditors, file a petition alleging insolvency, requesting reorganization or a composition of creditors, or for an assignment for the benefit of creditors, in any court, the Trustee, shall have the right to participate and vote on any plan of reorganization, agreement for a composition of creditors, and on any assignment for the benefit of creditors. If there is a proceeding to effect a receivership for the Authority, the Trustee, shall have the right to select the receiver.

(e) Notwithstanding the foregoing prohibitions, in any bankruptcy proceeding involving the Authority or any of its assets, neither the Authority nor any Affiliate of the Authority shall, without the prior written consent of the Majority of Affected Holders, consent to the entry of any order, file any motion, or support any motion (irrespective of the subject of the motion), and neither the Authority nor any Affiliate of the Authority shall file or support any plan of reorganization. The Authority and any Affiliate having any interest in such bankruptcy proceeding shall do all things reasonably requested by the Trustee to assist the Trustee in obtaining such relief as the Trustee shall seek, and shall in all events vote as directed by the Trustee. Without limitation of the foregoing, the Authority and any Affiliate of the Authority shall do all things reasonably requested by the Trustee to support any motion for relief from stay or plan of reorganization proposed or supported by the Trustee.

Section 7.19. Compliance with Law; Maintenance of the Project.

(a) The Authority shall operate, use and maintain, or shall cause the operation, use and maintenance of, the Project in accordance with all Applicable Laws (except for such instances of inadvertent or unintentional noncompliance which would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on the use, operation or maintenance of the Project) and the applicable Budget and shall not alter or change or permit the change or alteration of the Project from its intended use as the Project. Upon discovery of any instance of noncompliance, the Authority shall promptly undertake all necessary remedial steps to achieve compliance as soon as possible.

(b) The Authority shall maintain, use and operate or cause the maintenance, use and operation of the Project and all engines, boilers, pumps, machinery, apparatus, furniture, fixtures, fittings and equipment, including FF&E, of any kind in or that shall be placed in any building or structure now or hereafter at any time constituting part of the Project, in good repair, working order and condition, and the Authority shall from time to time make or cause to be made all needful and proper replacements, repairs, renewals and improvements; in each case to the extent necessary so that the efficiency and value of the Project shall not be impaired in any manner which could result in a Material Adverse Effect on the Authority or the Project.

(c) The Authority will (i) maintain or cause to be maintained in full force and effect all licenses, Permits and other governmental authorizations now held or hereafter

acquired with respect to the Authority or the Project, the loss, suspension, or revocation of which, or failure to renew, could have a Material Adverse Effect on the Authority or the Project and (ii) perform, observe, fulfill and comply (or cause the performance, observance, fulfillment and compliance of and with) all of its obligations, covenants and conditions contained herein or in any other Transaction Document with respect to the Authority or the Project.

Section 7.20. Taxes, Assessments, Governmental Charges and Adverse Judgments.

The Authority shall pay and discharge or cause to be paid and discharged (but solely from Gross Revenues and amounts on deposit in the Taxes and Insurance Fund) all taxes, assessments, governmental charges of any kind whatsoever, adverse judgments, water rates, meter charges and other utility charges (collectively, "Impositions") which may be or have been assessed or rendered or which may have become liens upon the Project, the Gross Revenues, or any portion of the Trust Estate and the interests therein of the Trustee or of the Registered Owners of the Bonds and will make such payments or cause such payments to be made, respectively, in due time to prevent any delinquency thereon or any forfeiture or sale of the Project, the Trust Estate or any part of either thereof, and, upon request, shall furnish to the Trustee receipts for all such payments, or other evidences satisfactory to the Trustee; provided, however, that the Authority shall not be required to pay any Imposition as herein provided as long as it shall in good faith contest the validity thereof, provided that (a) the Authority shall have deposited with the Trustee adequate reserves in the Taxes and Insurance Fund (or such other special fund or account as shall be established to set aside amounts necessary to pay any adverse judgments) in an amount equal to at least 125% (or such higher amount as may be required by Applicable Law) of the total of (i) the balance of such Imposition then remaining unpaid, and (ii) all interest, penalties, costs and charges accrued or accumulated thereon; (b) no risk of sale, forfeiture or loss of any interest in the Trust Estate or any part thereof arises, in the Trustee's reasonable judgment, during the pendency of such contest; (c) such contest does not, in the Trustee's reasonable discretion, have a Material Adverse Effect; and (d) such contest is based on bona fide, material, and reasonable claims or defenses. Any such contest shall be prosecuted with due diligence, and the Authority shall promptly pay or cause to be paid the amount of such Imposition as finally determined, together with all interest and penalties payable in connection therewith. The Trustee shall have full power and authority, but no obligation, to apply any amount deposited with the Trustee under this Section to the payment of any unpaid Imposition to prevent the sale or forfeiture of the Trust Estate or any interest therein or part thereof for non-payment of such Imposition, if the Trustee reasonably believes that such sale or forfeiture is threatened. Any surplus retained by the Trustee after payment of the Imposition for which a deposit was made shall be transferred to the Available Revenue Fund for disposition in accordance with Section 5.05(a) hereof. Notwithstanding any provision of this Section to the contrary, the Authority shall pay any Imposition which it might otherwise be entitled to contest if an Event of Default shall occur, or if, the Trust Estate or any interest therein or any part thereof is in jeopardy or in danger of being forfeited or foreclosed. If the Authority fails to pay any such Imposition, the Trustee may (but shall not be obligated to) make such payment and the Authority shall reimburse the Trustee on demand for all such advances.

Section 7.21. Insurance.

(a) *[RESERVED]*.

(b) The Authority shall cause the Project and its operations thereon to be adequately insured at all times, in amounts that are customarily carried and against such risks as are customarily insured against by others in connection with the ownership and operation of facilities of similar character and size. The Authority shall carry and maintain, or cause to be carried and maintained, and will pay or cause to be paid in timely fashion its allocable portion of the premiums for (but solely from funds on deposit in the Taxes and Insurance Fund), at least the following insurance with respect to the Project and the Authority when and as such insurance is available on commercially reasonable terms (as determined pursuant to Section 7.21(c) hereof) in amounts customarily carried and insured against by others in connection with the ownership, maintenance and use of facilities of similar character and size:

(i) *Property.* Insurance on the Project, against special form perils of loss or damage by fire, lightning, collapse and other risks including, but not limited to, those covered by special form perils and such other perils as are normally understood to be included in special form coverage, subject to a reasonable deductible per accident or casualty, in an amount equal to the full replacement value of the Project as determined by a recognized, licensed Insurance Consultant and including a waiver of co-insurance (except that such insurance may be subject to deductible clauses of not to exceed two hundred fifty thousand dollars (\$250,000) for any one loss or of 5% of loss with respect to loss due to flood). Without limiting the generality of the foregoing, the special form coverage shall cover loss or damage by explosion, windstorm, earthquake, flood, terrorism, subsidence, aircraft, vehicle damage, smoke, vandalism, malicious mischief and such other hazards as are available on commercially reasonable terms, in amounts customarily carried and insured against by others in connection with the ownership and operation of facilities of similar character and size. It is agreed that a combined sublimit of one hundred million dollars (\$100,000,000) for property damage and business interruption is acceptable for the peril of earthquake. The replacement value of the Project shall be determined from time to time at the request of the Authority or the Trustee (but not less frequently than once in every five years) by a recognized, licensed Insurance Consultant. During the course of substantial addition, extension, alteration or improvement to the Project, the Authority shall maintain or cause to be maintained builder's risk insurance in the amount of the full completed value of such construction work, subject to reasonable deductibles per accident or casualty, covering, at a minimum, loss by fire, lightning and removal from the premises endangered by fire and lightning, and other risks covered by the extended coverage endorsement then in use in the State.

(ii) *Business Interruption.* With respect to property and boiler coverage under subsections (b)(i) and (iii) of this Section, business interruption insurance with respect to the Project only covering actual losses to the Authority of gross operating earnings which result directly from the necessary interruption of business of the Project caused by damage to or destruction of any real or personal property constituting part of the Project from the risks mentioned in the first sentence of subsection (b)(i) and in subsection b(iii) of this Section, less

charges and expenses which do not continue during such interruption of business, with limits equal to the sum of (A) Debt Service for the next eighteen (18) months, (B) the Base Management Fee for the next eighteen (18) months, (C) a reasonable estimate of the Chain Expenses, System Costs and Reimbursable Expenses that will be payable to the Manager under the Management Agreement for the next eighteen (18) months, (D) a reasonable estimate of the taxes and insurance premiums for the Project during the next eighteen (18) months and (E) a reasonable estimate of the Administrative Expenses during the next eighteen (18) months. In addition, contingent business interruption insurance against loss resulting from damage or destruction by the perils insured to property not owned or operated by the Authority, located in the same vicinity as the insured, which attracts business to the Project, with minimum limit required for the exposure in an amount equal to six (6) months of Debt Service and continuing expenses. Deductibles for business interruption insurance shall not exceed five hundred thousand dollars (\$500,000) per occurrence with respect to subsection (b)(i) of this Section and two hundred fifty thousand dollars (\$250,000) per occurrence with respect to subsection (b)(iii) of this Section.

(iii) *Boiler.* Broad form boiler and machine insurance providing coverage of pressure vessels, auxiliary piping, pumps and compressors, refrigeration systems, transformers and miscellaneous electrical apparatus in the Project which present significant potential for loss, in an amount not less than the greater of one million dollars (\$1,000,000) or the full replacement cost of the equipment, subject to deductibles not exceeding two hundred fifty thousand dollars (\$250,000) per occurrence. Should the boiler and machine insurance be placed on a separate policy from the facility, such boiler and machine policy shall contain a joint loss agreement in conjunction with a comparable joint loss agreement for the coverage in subsection (b)(i) of this Section.

(iv) *Commercial General Liability.* Commercial general liability insurance under a policy including coverage for elevators and escalators, independent contractors, blanket contractual liability, explosion, collapse and underground hazards ("XCU" perils), personal injury and completed operations. The policy shall provide coverage on an occurrence basis against claims for personal injury, including bodily injury, death or property damage on, in or as a result of the Project or the Project's operations, with a limit of not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate. If there is more than one insured under the policy, coverage shall contain a separation of insureds clause and no exclusions for cross-liability, and shall name the Trustee as an additional insured with a waiver of subrogation in favor of the Trustee.

(v) *Automobile.* Commercial automobile liability insurance that includes coverage for owned, non-owned and hired vehicles in an amount equal to, but in no event less than, a combined single limit of one million dollars (\$1,000,000).

(vi) *Workers' Compensation and Employer's Liability.* Workers compensation insurance providing statutory benefits and employer's liability insurance in an amount equal to but not less than one million dollars (\$1,000,000) each accident, employee or disease.

(vii) *Excess Liability.* Commercial umbrella or excess liability insurance with a policy including as underlying coverages those outlined in paragraphs (ii) through (iv) above, in an amount equal to, but not less than, a combined single limit of one hundred million dollars (\$100,000,000) per occurrence and in the aggregate. The policy shall follow the form of the underlying policies and in no event serve to limit any of the coverages provided by the underlying policies.

(viii) *Fidelity Bonds.* Fidelity bonds or other insurance, including computer fraud, in an amount of no less than ten million dollars (\$10,000,000) on all the officers and employees of any entity(ies) who are responsible for collecting or which have custody of or access to revenues, receipts or income of the Authority, or responsibility for or access to funds used for repayment of the Bonds; provided however, that with respect to officers and employees of the Authority, the amount of such fidelity bonds or other insurance shall be in an amount of no less than five million dollars (\$5,000,000).

(ix) *Directors and Officers.* Insurance to cover wrongful acts of the directors and officers of the Authority, including entity coverage, to the extent available in a nonprofit directors and officers policy form in an amount not less than ten million dollars (\$10,000,000).

The Authority shall deliver or cause to be delivered to the Trustee prior to the Date of Substantial Completion, and annually thereafter during the term of this Indenture, evidence of insurance in the form of Accord Certificate No. 25-S, unless otherwise approved by the Trustee, and a statement of compliance with the insurance requirements of this Section 7.21(b) and of Section 7.23 hereof.

(c) *Insurance Consultant.* The Authority shall employ or cause to be employed for the benefit of the Trustee and the Authority a recognized, licensed Insurance Consultant to review the insurance requirements of the Authority from time to time (but not less frequently than once every 24 months). The cost of such Insurance Consultant will be paid as an Operating Expense by the Manager from amounts on deposit in the Lockbox Fund. If the Insurance Consultant makes recommendations for the increase of any of the coverage required by this Section, the Authority shall increase such coverage in accordance with such recommendations as available on commercially reasonable terms in amounts customarily carried and insured against by others in connection with the ownership, maintenance and use of facilities of similar character and size. Notwithstanding anything in this Section to the contrary, should at any time during the term of this Indenture the Authority fail to comply with any of the minimum insurance requirements of Sections 7.21 or 7.23 hereof, the Authority shall first make a formal request for waiver in writing to the Trustee from an authorized representative of

the Authority accompanied by a letter from a recognized licensed Insurance Consultant, stating that such required insurance coverage is not currently available or obtainable on commercially reasonable terms in the insurance marketplace or is otherwise not cost effective to obtain, and providing reasonably sufficient evidence to support such statement. Such formal request for waiver and letter shall be reviewed by the Trustee in conjunction with the Insurance Consultant, and, if the Insurance Consultant and the Trustee mutually agree that the Authority has purchased the insurance with coverage terms and limits most consistent with the requirements of Sections 7.21 and 7.23 hereof available in the insurance marketplace on commercially reasonable terms for projects similar in size and scope, then the Authority shall have the right, without giving rise to an event of default under this Indenture solely on such account, to maintain insurance coverage and limits that vary from that required by Sections 7.21 and 7.23 hereof. The Trustee shall document its response to any such request for waiver in writing furnished to the Authority.

Section 7.22. Workers' Compensation and Insurance Law. The Authority shall at all times maintain or cause to be maintained insurance or self-insurance for workers' compensation claims as required by Applicable Law.

Section 7.23. Insurers: Policy Forms and Loss Payees. Each carrier providing any insurance, or portion thereof, required by Section 7.21 hereof shall be authorized to do business in the jurisdiction or jurisdictions in which the Site is located, and shall have a rating by Best's Insurance Guide of not less than "A-VII." The Authority shall cause all property and fidelity insurance carried in accordance with Section 7.21 hereof to be payable solely to the Trustee as a mortgagee/loss payee, and, in the case of such policies of insurance carried by any lessee for the benefit of the Authority, to cause all such policies to be payable to the Trustee as loss payee. All insurance policies and renewals thereof (i) shall provide for a term of not less than one year, (ii) other than with respect to any Directors and Officers policy, shall provide by way of endorsement, rider or otherwise that such insurance policy shall not be canceled, endorsed, altered, or reissued to effect a change in coverage unless such insurer shall have first given the Trustee 60 days prior written notice thereof, (iii) shall include a standard mortgagee clause (438 BFU or CP 12 18 or equivalent wording) in favor of the Trustee, (iv) other than with respect to a Crime policy, shall include insurer's waiver of subrogation as against the Trustee, (v) other than with respect to a Crime policy, shall be primary and without right of contribution of any other insurance carried by or on behalf of the Trustee with respect to its interest in the Trust Estate, (vi) shall provide for claims to be made on an occurrence basis, except that boiler and machinery coverage may be made on an accident basis and directors' and officers' liability may be on a claims made basis, (vii) shall contain an agreed value clause updated in accordance with Section 7.21(c) hereof, and (viii) shall contain a severability of interests provision with no exclusions for cross liability. All property damage insurance policies (except for flood and earthquake policies) must automatically reinstate after each loss.

Section 7.24. Disposition of Insurance and Condemnation Proceeds.

(a) The Authority shall provide the Trustee with immediate written notice of (i) any event of loss or damage to the Project or any part thereof, or (ii) any actual or threatened action or proceeding relating to any condemnation or other taking, direct or

indirect, or sale or transfer in lieu of a condemnation or taking ("Taking") of the Project or any part thereof. To the extent of any loss or damage to or Taking of the Project only, the Authority hereby authorizes and empowers the Trustee as the Authority's attorney in fact coupled with an interest to make the proof of loss, adjust and compromise any claim under insurance policies and to appear in and prosecute any action arising from such insurance policies or any Taking. The Trustee shall be entitled to collect, and the Authority hereby assigns to the Trustee for deposit into the Insurance and Condemnation Proceeds Fund, all insurance proceeds or the proceeds of any award, payment or claim for damages, direct or consequential, in connection with any Taking of the Project and is further entitled to deduct therefrom the Trustee's reasonable out-of-pocket expenses incurred in the collection of such proceeds (collectively, the "Available Amount").

(b) The Trustee shall cause such amount, together with all other amounts deposited with the Trustee for such purpose or as a result of a Shortfall (as defined below), to be applied to the cost of restoration and reconstruction of the Project so long as the Authority has certified that the following conditions have been met: (i) no Event of Default then exists, (ii) the Available Amount together with all investment income earned or expected to be earned thereon and other proceeds deposited with the Trustee will be sufficient to restore the Project to its Pre-Existing Condition (as defined below), or if such proceeds are not sufficient (a "Shortfall"), the Authority shall have deposited or caused to be deposited, into the Insurance and Condemnation Proceeds Fund the full amount of such Shortfall within 30 days of Trustee's written notice of such Shortfall, (iii) the Project can be restored and repaired as nearly as is reasonably possible to the condition it was in immediately prior to a casualty in the case of any casualty or to a condition, in the case of any Taking, which permits the Project's use in the manner contemplated by this Indenture and for which the Project was originally constructed, in each case in compliance with all Project Requirements (the "Pre-Existing Condition"), (iv) the Authority shall have received and approved, in its reasonable judgment, plans and detailed specifications of the contemplated repair or restoration of the Project, together with a statement of an architect that the Project can be restored to its Pre-Existing Condition in the time from and for the cost specified in such plans and specifications, and (v) if more than 15% of the Project is damaged, destroyed or taken, the Authority shall have furnished to the Trustee a guaranteed maximum or fixed price contract for an amount not in excess of the Available Amount and all investment income earned or reasonably expected to be earned thereon. If the requirements of this subsection (b) cannot be satisfied by the Authority, any Available Amount shall be used to redeem Bonds pursuant to Section 4.04(c) hereof.

(c) Following a casualty loss or Taking at or affecting the Project and if the Available Amount is made available for repair or restoration and is sufficient for such purpose, the Authority shall cause the restoration of the Project to substantially its Pre-Existing Condition or such other condition as the Trustee may approve in writing, and the Authority shall cause the commencement of such restoration or repair as soon as is reasonably possible after the casualty loss or Taking and at all times thereafter the diligent prosecution thereof to completion. Subject to satisfaction of conditions set forth in subsection (b) of this Section and provided that there is no Event of Default, the

Trustee will disburse any insurance proceeds or condemnation awards collected by it in accordance with the applicable procedures established by the Authority.

(d) If any of the Available Amount is applied to the payment of the Bonds as above contemplated and permitted, any such application of proceeds shall not extend or postpone the due dates of the payments due thereunder or otherwise under the Bond Documents, or change the amounts of such payments. Any amount of insurance proceeds remaining in the Trustee's possession after full and final payment and discharge of all Bonds shall be refunded to the Authority or otherwise paid in accordance with applicable law. If the Project is sold at foreclosure or if the Trustee acquires title to the Project, the Trustee shall have all of the right, title and interest of the Authority in and to any insurance policies and unearned premiums thereon, any proceeds, awards or damages arising from any Taking and in and to the proceeds resulting from any damage to the Authority's interest therein prior to such sale or acquisition.

(e) Notwithstanding subsection (b) of this Section, all condemnation proceeds resulting from a temporary Taking which are not attributable to compensation for alterations or physical damage to the real or personal property used in the operation of the Project shall be deemed Gross Operating Revenue and deposited in the Lockbox Fund (if such proceeds relate to a temporary Taking of the Project).

Section 7.25. Operation of the Hotel.

(a) **Management of the Hotel.** The Authority shall cause the Hotel to be managed and operated as a revenue-producing, full-service, first-class, convention hotel in accordance with the Operating Standards affiliated with either (i) a national hotel chain with experience in managing full service, first class "upscale" convention hotels or (ii) a hotel operator with a national chain affiliation through a franchise agreement with a national hotel franchiser of Upscale Hotels. The Authority shall cause the Garage to be operated in accordance with operating standards which are consistent with a "first class" urban garage, and are reasonably calculated both to protect and preserve the assets that comprise the Garage and to control the Operating Expenses attributable to the Garage. The Authority shall cause to be in full force and effect at all times one or more Management Agreements with respect to the Project with terms and conditions substantially the same as those of the initial Management Agreement (except any changes required by Bond Counsel in order for Bond Counsel to deliver its opinion required by clause (g) below, any changes which are based upon the advice of a Hotel Consultant or any changes which are otherwise consented to in writing by the Controlling Party, which consent shall not be unreasonably withheld, conditioned or delayed), and which requires the Manager to maximize over the term of the Management Agreement the financial return to the Authority from the operation of the Project as a first class, convention center headquarters hotel, after taking into consideration the Room Block Agreement. The Authority may amend, modify, waive or otherwise alter such Management Agreement in compliance with the terms of such Management Agreement, but if such amendment, modification, waiver or alteration materially and adversely affects the Authority's ability to satisfy the Debt Service on the Bonds for any Operating Year, such amendment, modification, waiver or alteration shall require the written consent of the Controlling

Party. Each Management Agreement for the Project or any part thereof shall expressly permit the assignment thereof to the Trustee for the benefit of Registered Owners, and entitle the Trustee to the benefits thereof upon the occurrence of an Event of Default. A material consideration for the purchase by the Registered Owners of their respective Bonds is the expertise brought by the Manager in managing the Project. In recognition of such expertise, the Authority covenants for the benefit of the Registered Owners that it will not disapprove of any market based room rate ranges by market segment, food and beverage pricing and other hotel services pricing, as well as all rents, lease charges and concession charges for all areas of the Hotel (hereinafter collectively referred to as "Pricing") (other than as set forth in the Room Block Agreement) under the terms of the Management Agreement so long as the Budget prepared assuming such Pricing does not result in a Debt Service Coverage Ratio for the Senior Bonds of more than 2.50:1.00 or less than 1.00:1.00. In addition the Authority shall only have the right to approve any modifications to the Pricing if (1) such modified Pricing is expected to generate either a positive or negative variance of more than 10% of Gross Operating Revenues in the then current Operating Plan and Budget; or (2) the budget prepared assuming such modified Pricing results in a Debt Service Coverage Ratio for the Senior Bonds of more than 2.50:1.00 or less than 1.00:1.00. Notwithstanding the preceding sentence, if a Hotel Consultant is engaged by the Authority, the Authority will not disapprove of any changes proposed by the Manager to Pricing (other than as set forth in the Room Block Agreement) if the Hotel Consultant does not recommend a different modified Pricing as one of its recommendations pursuant to Section 7.31 hereof. If the Authority disapproves of the proposed Pricing or proposed modified Pricing by the Manager or any amendment thereto and the Manager disagrees with the Authority's reasons for disapproving such proposed Pricing (or modification thereto) and disputes the accuracy of the information used by the Authority in making such disapproval, then the Authority shall retain a Hotel Consultant to confirm or reject the accuracy of such information. If a Hotel Consultant agrees with the Manager, the Authority shall not have any right to dispute such proposed Pricing or modified Pricing and shall withdraw its disapproval and in any event its disapproval shall be of no further force and effect. If a Hotel Consultant agrees with the Authority, the Manager shall follow the Authority's advice so long as the Manager determines that it would not otherwise result in an Event of Default or breach of a covenant under this Indenture or under the Management Agreement. If the Authority disagrees with Manager's determination that following such advice would result in an Event of Default or breach of a covenant under this Indenture or under the Management Agreement, then any of the Manager, the Authority or the Trustee may, by delivering written notice of its requirement for arbitration to the others, require that the matter in dispute be submitted to arbitration in accordance with the Management Agreement, or if the initial Management Agreement is no longer in effect, in accordance with Section 7.26(c) hereof. Each Management Agreement will incorporate this provision therein.

(b) **Maintain License.** The Authority shall at all times, where required by the laws of the jurisdiction, maintain or cause to be maintained in full force and effect the applicable Permits necessary to operate the Hotel as a full service, first-class, Upscale Hotel. Without limiting the generality of the foregoing, the Authority shall obtain or cause to be obtained, and maintain or cause to be maintained, in good standing, all liquor

licenses, food service license and other permits or licenses necessary for the lawful operation of bars, restaurants and other facilities offering food or beverage, alcoholic or otherwise, at the Hotel.

(c) **Equip the Project.** The Authority shall, pursuant to applicable licensing regulations from time to time in effect, suitably equip the Project to permit its overall operation in a manner reasonably expected to earn the Hotel an Upscale Rating as a convention headquarters hotel (including, without limitation, the operations of all restaurants, bars, lounges, food service facilities and other guest service facilities), but solely from Gross Revenues available for such purpose pursuant to this Indenture.

(d) **[RESERVED].**

(e) **Termination of Management Agreement Upon Foreclosure.** If the Project is foreclosed upon due to an Event of Default as set forth in Article IX hereof, the ability of the Trustee to terminate the Management Agreement shall be subject to the terms contained in the Management Agreement.

(f) **Asset Manager.** The Authority covenants to contract with, hire, or cause to be hired, an Asset Manager to assist the Authority in overseeing the operations of the Project for the benefit of and on behalf of the Authority and the Trustee. If the Person then serving as Asset Manager is terminated or resigns, the Authority covenants to hire or cause to be hired a replacement within 60 days of such termination or resignation. The Asset Manager shall signify acceptance of such position by executing a certificate at or prior to employment that he, she or it agrees to perform the duties of Asset Manager as described in the Transaction Documents which include, but are not limited to, the following: (i) reviewing and recommending approval or disapproval to Authority of the proposed Capital Budget and Operating Plan and Budget for the upcoming Operating Year (collectively the "Proposed Budget Documents"), (ii) reviewing all reports required to be delivered by the Manager pursuant to the Management Agreement, (iii) providing reports to the Authority on a quarterly basis summarizing the Asset Manager's findings for the preceding quarter regarding the Manager's compliance with the Management Agreement, (iv) approving the list of possible replacement Hotel Consultants supplied by the Manager and (v) commenting on the recommendations submitted by any Hotel Consultant. Notwithstanding anything contained herein or in the Management Agreement to the contrary, the Asset Manager shall not have any additional or different rights with respect to the Manager, the Project or any part thereof than the Authority has. Notwithstanding the foregoing, if, as determined at the end of each calendar quarter, beginning with the sixteenth calendar quarter from the Opening Date, (A) the Debt Service Coverage Ratio on the Senior Bonds for the preceding four calendar quarters was less than 1.00:1.00, (B) the amount on deposit in the Operating Reserve Fund and the Cash Trap Funds is, collectively, less than \$7,500,000 and (C) the Debt Service Coverage Ratio on the Subordinate Bonds for the preceding four calendar quarters was less than 1.00:1.00, then the Trustee shall have the right to hire, or cause to be hired, the Asset Manager to assist the Trustee in overseeing the operations of the Project for the benefit of and on behalf of the Registered Owners, and the Asset Manager shall report directly to the Trustee until the time that, as determined at the end of a calendar quarter, the (1) Debt

Service Coverage Ratio on the Senior Bonds for the preceding four calendar quarters has been greater than 1.00:1.00, (2) the amount on deposit in the Operating Reserve Fund and the Cash Trap Funds is, collectively, greater than \$7,500,000 and (3) Debt Service Coverage Ratio on the Subordinate Bonds for the preceding four calendar quarters has been greater than 1.00:1.00.

(g) The Authority acknowledges its covenant pursuant to Section 7.09 that it will not take any action or omit to take any action if such action or omission would cause the interest on the Series 2016 Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code. In order to comply with such covenant, the Authority agrees that it shall seek the advice of Bond Counsel to the extent it deems necessary and prudent prior to entering into any Management Agreement.

Section 7.26. Budgets.

(a) **Review and Adjustment of Operating Plan and Budget.** On or before November 1 of each Operating Year, the Authority shall cause the Manager to prepare and deliver to the Authority, its designees and consultants (including the Trustee) for the Authority's review the Proposed Budget Documents for the next ensuing Operating Year. The Trustee shall promptly notify the Authority in writing as to any objections it may have to the Proposed Budget Documents.

The Authority and the Manager shall meet within 15 days after the Authority's receipt of the Proposed Budget Documents for any Operating Year. At such meeting, (i) the Authority shall provide to the Manager the expected Net Debt Service for the next ensuing Operating Year in order to permit the Manager to project the Debt Service Coverage Ratio for such Operating Year; and (ii) the Manager shall provide to the Authority any revisions to its Proposed Budget Documents for the applicable Operating Year. The Authority will not approve the Proposed Budget Documents if the Trustee has objected thereto in writing. If the Authority and the Manager are unable to agree upon a Proposed Operating Plan and Budget and Proposed Capital Budget for an Operating Year within 15 days after such initial 15-day period, then within 10 days after the expiration of such second 15-day period, the Authority shall deliver to the Manager the Authority's written objections (including the Trustee's objections) to the Proposed Budget Documents, subject, however, to the provisions of Section 7.31 hereof. The Authority shall timely provide all such objections and approvals. If the Authority fails to deliver to the Manager its written approval or disapproval of a Proposed Budget Documents within such 10-day period, then such Proposed Budget Documents shall be deemed the approved Operating Plan and Budget and approved Capital Budget for the applicable Operating Year, until the Authority delivers to the Manager its objections in writing. The Authority shall timely provide all such objections and approvals. At such time as the Authority delivers its objections to such Proposed Budget Documents, such disapproval shall specifically include the items disapproved (which disapproved items may include objections that the Authority receives from a Hotel Consultant). During the 15-day period following the Manager's receipt of the Authority's items of disapproval, the Authority and the Manager will meet to discuss the disapproved items. Within five days after the expiration of such third 15-day period, the Manager shall submit to the

Authority (and any designee or consultant appointed by the Authority) a revised Proposed Operating Plan and Budget and Proposed Capital Budget, as applicable, incorporating such revisions as the Authority and the Manager agreed upon during such third 15-day period. The Parties shall use good faith efforts to resolve any disputes in the Proposed Operating Plan and Budget and the Proposed Capital Budget. As part of such good faith effort, Manager shall, on a timely basis, provide Authority with information Authority deems necessary to evaluate the Proposed Operating Plan and Budget and the Proposed Capital Budget. The Parties agree that if Authority objects to any aspect of any Proposed Operating Plan and Budget and/or any Proposed Capital Budget which involves any of the matters set forth in Section 7.26(b) hereof, then Manager shall agree to Authority's objections without the involvement of a Hotel Consultant or arbitration. If the Parties do not agree upon such revisions and such revisions are not based upon Authority's objections as set forth in Section 7.26(b) hereof, then the Authority shall retain a Hotel Consultant to review the matter(s) in dispute and recommend a resolution to such dispute. If the Authority and the Manager do not agree upon such resolution, then the Authority, the Manager or the Trustee may request arbitration pursuant to and in accordance with the provisions of the Management Agreement.

(b) Without limiting the Authority's approval rights, the Authority shall have the right to object to any aspect of any Proposed Operating Plan and Budget and/or any Proposed Capital Budget if (i) the objection or change would not materially (A) interfere with Manager's operation of the Hotel in a manner consistent and in compliance with the Operating Standards (including but not limited to the desire of both Parties to obtain an Upscale Rating), or (B) impair Manager's ability to achieve a Performance Test or (C) interfere with Manager's fulfillment of its obligations, duties, agreements, covenants or responsibilities under this Agreement, and (ii) (among other reasons):

(i) The Proposed Operating Plan and Budget is not consistent with the Room Block Contract entered into for the ensuing Operating Year;

(ii) as to a Proposed Capital Budget, there are not Sufficient Funds available to make the proposed Capital Improvements set forth therein;

(iii) the achievement of the Proposed Operating Plan and Budget will result in a Debt Service Coverage Ratio of less than the Debt Service Coverage Requirement;

(iv) as to a Proposed Capital Budget, any proposed upgrades to the quality of the facilities of the Project would (x) be imprudent based upon a reasonable weighing of the costs and benefits to the Project of the upgrades (taking into account the cost and impact on Project revenue and expense of the upgrades, the useful life of the upgrades, and the remaining term of the Management Agreement) or (y) render funds in the Senior FF&E/CapEx Reserve Fund, the Subordinate FF&E/CapEx Reserve Fund, the Operating Reserve Fund or the Cash Trap Funds inadequate for other necessary FF&E and Capital Expenses or funding of other amounts as contemplated by the Management Agreement or an existing approved Capital Budget. The foregoing shall not in

any way limit the Authority's right to approve a Proposed Capital Budget as to reasonableness of specifications and cost of implementing any upgrade set forth therein.

(c) If the Manager and the Authority, despite their good faith efforts, are unable to reach final agreement on the Proposed Operating Plan and Budget and/or the Proposed Capital Budget for an Operating Year by January 15 of such Operating Year, then any of the Manager, the Authority or the Trustee may, by delivering written notice of its requirement for arbitration to the others by January 30 of such Operating Year (each such notice of arbitration, an "Arbitration Request"), require that the matter(s) in dispute be submitted to arbitration as provided in accordance with the Management Agreement then in effect.

(d) If none of the Manager, the Authority or the Trustee delivers an Arbitration Request by the required date, then the Manager, the Authority and the Trustee shall be deemed to have waived their respective rights to arbitrate the matters in dispute and the Proposed Operating Plan and Budget and the Proposed Capital Budget for the applicable Operating Year shall be deemed to be the Operating Plan and Budget and Capital Budget for such Operating Year, provided that any Operating Expense line item which is in dispute in the Proposed Operating Plan and Budget shall not be greater than the amount of the actual Operating Expenses incurred for such line item during the Operating Year preceding the Operating Year covered by the Proposed Operating Plan and Budget (subject to increase based upon the percentage change in the Index).

(e) (i) If any of the Manager, the Authority or the Trustee timely delivers its Arbitration Request regarding the Proposed Operating Plan and Budget, then, until the arbitrator issues its decision regarding the disputed items in the Proposed Operating Plan and Budget, the proposed operating plan and budget shall govern the areas of operations not in dispute and the prior year's Operating Plan and Budget shall govern the areas in dispute, except that such disputed item(s) shall be calculated as the amount achieved or incurred during the same period of time in the prior Operating Year increased by an amount equal to the greater of 3% or the percentage change in the Index.

(ii) If any of the Manager, the Authority or the Trustee timely delivers its Arbitration Request regarding the Proposed Capital Budget, then, until the arbitrator issues its decision regarding the disputed items in the Proposed Capital Budget, the Proposed Capital Budget and the other applicable provisions of the Management Agreement shall govern the areas not in dispute and the Manager may not incur a Capital Expense or purchase FF&E for a disputed Capital Improvement included in a Proposed Capital Budget.

(f) Under each Management Agreement, the Manager (i) shall use commercially reasonable efforts to operate within, and in a manner consistent with, each approved Operating Plan and Budget and each approved Capital Budget and (ii) shall not substantially deviate from the budgeted Capital Expenses and FF&E in an approved Capital Budget unless the Manager obtains the prior written consent of the Authority (it

being agreed that a deviation in excess of \$100,000 in total Capital Expenses is substantial), provided, however, that the Manager shall be entitled to reallocate up to 10% of the Capital Budget to one or more line items in the Capital Budget so long as the remaining dollars in those line items from which such 10% is removed are sufficient to complete the Work contemplated by those line items. The Manager shall submit monthly cash flow forecasts to the Authority to reflect any significant adjustments to the approved Operating Plan and Budget or Capital Budget caused by, among other matters, an Emergency or lack of Sufficient Funds. Upon request, the Authority shall have the right to meet and discuss with Manager any such significant adjustments.

(g) The Authority may acknowledge in the Management Agreement that (i) the Operating Plan and Budget is intended by the Manager to be a reasonable estimate of income and expenditure only, (ii) the Manager does not give any guarantee, warranty or representation whatsoever in connection with any Operating Plan and Budget, other than the Manager prepared same in good faith, utilizing all available facts and commercially prudent business methods, and (iii) a failure of the Project to achieve any Operating Plan and Budget for any Operating Year shall not in and of itself constitute an Event of Default or breach by the Manager under the Management Agreement. The preceding sentence shall not, however, be construed as a limitation on (A) the Manager's obligations (and the Manager shall be in breach of the Management Agreement if the Manager fails) (1) to use commercially reasonable efforts to operate within the approved Operating Plan and Budget and the Capital Budget, or (2) to obtain the Authority's approval prior to making expenditures that exceed in the aggregate the amount of the approved or authorized Capital Budget by more than 10%, or (B) the Authority's right to terminate the Management Agreement under any provision of the Management Agreement, including, without limitation, by reason of a Performance Termination Event or an Event of Default (as defined in the Management Agreement).

(h) The Authority shall have the right to appoint, and shall appoint if requested by the Controlling Party, a Hotel Consultant upon the occurrence of any of the events described in Section 7.31(a)(iii) hereof. The Authority shall deliver the Hotel Consultant's reports and findings to the Manager, the Trustee and the Asset Manager, and the Manager and the Asset Manager will study and review such reports and any recommendations made by the Hotel Consultant. The Manager shall also, upon the request of the Authority or the Trustee, meet with the Hotel Consultant, the Authority and the Trustee to discuss the Hotel Consultant's reports, findings and recommendations.

(i) The Authority shall file or cause to be filed with the Trustee the approved Operating Plan and Budget and Capital Budget prior to the commencement of the applicable Operating Year. The Trustee shall be entitled to rely on the final Operating Plan and Budget to determine the amounts to be deposited into the various Funds and Accounts as set forth in Section 5.05(a) hereof.

Section 7.27. Deposit of Gross Operating Revenues; Cash Management Agreement.

The Authority covenants and agrees that it shall deposit or cause to be deposited all Gross Operating Revenues calculated on a cash basis (less the Petty Cash Amount) in the Lockbox Fund pursuant to the terms of the Cash Management Agreement. The Authority shall cause the

Manager to be a party to the Cash Management Agreement. The Authority covenants and agrees to maintain or cause to be maintained the Lockbox Fund until no Bonds are Outstanding. The Authority covenants and agrees to execute any substitute or replacement cash management and lockbox agreements with respect to Gross Operating Revenues as are reasonably required by the Trustee; provided that, unless consented to in writing by the Manager, which consent shall not be unreasonably withheld or delayed, such cash management and lockbox agreement shall not materially or substantively modify Manager's rights, duties or obligations under the Cash Management Agreement or this Indenture, or have a material adverse impact on the Manager. The Authority covenants and agrees that it shall deposit or cause to be deposited with the Trustee any Gross Revenues not constituting Gross Operating Revenue in accordance with the provisions set forth herein.

Section 7.28. Manager. The Authority hereby covenants and agrees that it will at all times cause to be delegated the duties and responsibilities of operating the Hotel to a nationally recognized hotel management company (or a regional or national hotel management company so long as the Hotel is under franchise by a national hotel franchiser of Upscale Hotels) having the experience and qualifications to operate and manage a first-class hotel of the size and character of the Hotel pursuant to an operating agreement consistent with the terms of the Management Agreement; provided however, that if the Authority is unable to retain such a management company due to its unwillingness to execute an operating agreement consistent with the terms of the Management Agreement, then the Authority shall have the right to operate and manage the Project. The Authority covenants to use commercially reasonable efforts to enforce or cause to be enforced all of its rights and remedies under such operating agreement with regard to any circumstance that is reasonably likely to ripen into an event of default under such operating agreement (except as restricted by this Indenture), and, if it fails to do so, the Trustee shall have the right to do so. To the extent permitted under the Management Agreement or any such other operating agreement, the Authority shall have the right to cure the hotel operator's defaults thereunder. The Management Agreement shall not be terminated by the Authority without the prior written consent of the Controlling Party. The Authority shall provide written notice to the Trustee at least 60 days prior to the proposed early termination of the Management Agreement or any such other operating agreement describing the reasons for such early termination. The Trustee shall promptly provide such written notice to the Registered Holders of the Bonds then Outstanding requesting the consent of the Controlling Party for such early termination. No notice of termination of the Management Agreement (including, without limitation, any termination notice under Section 4.06 of the Management Agreement) shall be sent to the Manager until the Authority shall have received such consent of the Controlling Party. In addition, the Authority shall provide written notice to the Trustee of any Events of Default (as defined in the Management Agreement) of the Manager which have occurred and are continuing under the Management Agreement and the proposed remedy to be taken with respect to such event of default. In addition, the Authority shall provide written notice to the Trustee of any waiver or cure of any Events of Default (as defined in the Management Agreement) of the Manager which have occurred under the Management Agreement. The Authority shall not waive any remedy available to it with respect to such Event of Default (as defined in the Management Agreement) by the Manager unless the Controlling Party consents to such waiver. Notwithstanding any other provision contained herein to the contrary, upon the occurrence and continuance of an Event of Default by the Manager under the Management Agreement or a Performance Termination Event, the Controlling Party shall have the right to terminate the

Manager pursuant to the terms of the Management Agreement without the prior written consent of the Authority if (i) the Hotel Consultant recommends such action or (ii) an Event of Default has occurred and is continuing pursuant to Section 9.02(a) or (b) hereof. Nothing herein shall restrict the Manager's ability to assign the Management Agreement as provided therein.

Section 7.29. Cooperation With Trustee. The Authority shall cooperate with the Trustee in sharing information required to calculate, ascertain or apply Available Revenues pursuant to Section 5.05 hereof.

Section 7.30. Further Assurances. At any and all times the Authority shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, granting, pledging, assigning and confirming the Trust Estate, the Revenues, the Funds and Accounts, the Investment Securities held in any Fund or Account hereunder, and the Trustee's right, title and interest in and to the foregoing, and all other moneys, securities and funds hereby pledged or assigned, or intended so to be, or which the Authority may become bound to pledge or assign.

Section 7.31. Debt Service Coverage.

(a) The Authority shall include in the Management Agreement and each other management agreement hereafter covering the Project the following provisions:

(i) If the Proposed Operating Plan and Budget will result in a Debt Service Coverage Ratio of less than the Debt Service Coverage Requirement, the Manager shall include with its delivery of the applicable Proposed Operating Plan and Budget a detailed explanation as to why the Manager has not budgeted to attain such ratios;

(ii) The Authority and the Trustee shall have the right to object to any aspect of any Proposed Operating Plan and Budget if the Proposed Operating Plan and Budget will result in a Debt Service Coverage Ratio of less than the Debt Service Coverage Requirement;

(iii) The Authority shall have the right to appoint, shall appoint if requested by the Controlling Party and authorizes the Controlling Party to appoint if the Authority fails to so appoint, a Hotel Consultant to make written recommendations as to the operations, management, marketing, improvement, condition or use of the Hotel or any part thereof that the Hotel Consultant believes could result in satisfying the Debt Service Coverage Requirement or improving the total amount of Net Revenues available to pay Debt Service consistent with the Operating Standards under each of the following circumstances:

(A) If the Proposed Operating Plan and Budget will not result in the Debt Service Coverage Requirement being met;

(B) If the actual Senior Debt Service Coverage Ratio for any four consecutive quarters is less than the Debt Service Coverage Requirement;

(C) If the audited annual financial statement delivered to the Authority pursuant to the Management Agreement reflects that the Debt Service Coverage Requirement was not achieved.

The Authority shall deliver the Hotel Consultant's reports and findings to the Manager, the Trustee and the Asset Manager within three Business Days of receipt thereof by the Authority. The Manager and the Asset Manager will study and review such reports and any written recommendations made by the Hotel Consultant. The Manager shall also, upon the request of the Authority or the Trustee, meet with the Hotel Consultant, the Authority, and the Trustee to discuss the Hotel Consultant's reports, findings and written recommendations. The Manager shall act in good faith in reviewing and implementing all of the Hotel Consultant's written recommendations except those written recommendations which require an expenditure of funds greater than the amount available for such purpose under this Indenture, those written recommendations that compromise the Operating Standards, or those written recommendations which could, in the opinion of Bond Counsel, adversely affect the tax-exempt status of the interest on the Bonds. In addition, if the Manager believes that it is not in the best interest of the Project to implement any of the Hotel Consultant's written recommendations, the Manager shall not be required to follow such written recommendations if the Manager provides a written explanation to Authority, Asset Manager and Trustee as to why the Manager is not implementing such written recommendations; provided, however, that if the Senior Debt Service Coverage Ratio is less than 1.20:1.00 for the prior eight consecutive calendar quarters, the Manager shall act in good faith in implementing such Hotel Consultant's written recommendations. The fees and expenses of the Hotel Consultant shall be paid from amounts on deposit in the Cash Trap Funds first and then from amounts on deposit in the Lockbox Fund. Contemporaneously with engaging a Hotel Consultant pursuant to the preceding provisions, the Authority shall deliver to the Manager a copy of such engagement. In addition, the Authority and the Manager shall each deliver to the other at no additional charge copies of any information, correspondence or documents delivered to the Hotel Consultant contemporaneously with delivering such information, correspondence or documents to the Hotel Consultant.

(b) The Authority also covenants and agrees to exercise the full discretion, power and authority provided to it under the Management Agreement, including but not limited to its rights and authority to review, comment and grant or withhold approval of the proposed operating plan and budgets and proposed capital budgets of the Hotel. The Authority shall consult with the Asset Manager when exercising such discretion, power and authority.

(c) The Authority shall include in the Management Agreement and each other operating agreement covering the Hotel a covenant requiring the Manager to deliver to the Authority and the Trustee within 90 days after the end of each Operating Year audited

financial statements (including a calculation of the Debt Service Coverage Ratio) for the preceding Operating Year prepared by an Independent Accountant.

(d) Notwithstanding the foregoing, this Section shall not be construed as in any way excusing the Authority from taking any action or performing any duty required under this Indenture or be construed as constituting a waiver of any other Event of Default under this Indenture.

Section 7.32. General Representations and Warranties of the Authority. The Authority makes the following representations and warranties for the benefit of the Trustee, the Registered Owners and each third-party beneficiary of this Indenture:

(a) The Authority is a nonprofit corporation, duly organized and existing and qualified and in good standing under the laws of the State, is authorized by the Act to execute and deliver the Main Transaction Documents to which it is a party and to issue the Bonds and to perform its obligations hereunder and thereunder, and by proper action has duly authorized the execution and delivery of the Main Transaction Documents to which it is a party, the issuance of the Bonds, and the performance by the Authority of all of its obligations hereunder and thereunder.

(b) The Authority has duly executed and delivered the Main Transaction Documents to which it is a party, and such documents are the legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms except as the enforceability thereof may be subject to (i) the exercise of judicial discretion in accordance with general equitable principles and (ii) applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws for the relief of debtors heretofore or hereafter enacted and except that enforceability of indemnification and contribution provisions may be limited, in whole or in part, by applicable securities laws or public policy.

(c) The execution and delivery of the Transaction Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby and the issuance of the Bonds do not conflict with or constitute a breach of or a default under the Act, the Authority's articles of incorporation or bylaws or, to the best knowledge of the Authority, any other law or regulation applicable to the Authority or under the terms and conditions of any agreement or instrument to which the Authority is a party or by which the Authority is bound.

(d) There is no action, suit, proceeding, inquiry or investigation pending or, to the knowledge of the Authority, threatened against the Authority by or before any court, governmental agency or public board or body which (i) questions the existence or the territorial jurisdiction of the Authority or the title to office of any member of the Authority; (ii) seeks to prohibit, restrain or enjoin the execution and delivery of the Transaction Documents to which it is a party, or the issuance, execution or delivery of the Bonds; (iii) questions the validity or enforceability of the Transaction Documents to which it is a party, or the Bonds; (iv) questions the exclusion from gross income for federal income tax purposes of interest on the Bonds; (v) questions the power or authority of the Authority to carry out the transactions contemplated by the Transaction Documents

to which it is a party, or the Bonds; or (vi) otherwise would cause a Material Adverse Effect if determined adversely.

(e) Except with respect to any amounts held in the Authority Fund and in any separate bank account held outside this Indenture, the sole assets of the Authority are the Trust Estate in which the Authority has granted or shall grant to the Trustee a Lien pursuant to the Bond Documents.

(f) The Authority is not in default under any document, instrument or commitment to which the Authority is a party or to which it or any of its property is subject which default would or could affect the ability of the Authority to carry out its obligations under this Indenture or any of the other Transaction Documents to which it is a party.

(g) The representations and warranties of the Authority contained in the Transaction Documents to which it is a party are true and correct in all material respects. Any certificate signed by the Authority or an Authorized Authority Representative and delivered pursuant to the Transaction Documents to which it is a party shall be deemed a representation and warranty by the Authority as to the statements made therein and not a representation or warranty by the Authorized Authority Representative in its individual capacity.

(h) The Authority has good and marketable title to the Trust Estate and to all components thereof, including, without limitation, the Project subject to the Permitted Encumbrances. Except for personal property being leased by the Authority, the Authority owns and will own at all times all personal property relating to the Project, subject only to Permitted Encumbrances. Without limitation of the foregoing, except for FF&E being leased by the Authority, the Authority will own all FF&E that is used by the Authority or necessary for or integral to the operation of the Project, free and clear of any lease, lien or encumbrance except the Permitted Encumbrances. Except for Permitted Encumbrances, the Trust Estate and each component thereof is free and clear of security interests. There are no proceedings in condemnation or eminent domain affecting the Project, and to the knowledge of the Authority, none is threatened and steps preliminary to any such proceeding, such as notices of intent to acquire property, have not been taken. No Person, other than the City with respect to the Hotel, has any option or other right to purchase all or any portion of the Trust Estate or any interest therein. Except for Permitted Encumbrances, the security interest in the Trust Estate creates and perfects a first priority security interest therein in favor of the Trustee as a secured party with respect to those items in which a security interest may be perfected.

(i) Except as provided in the Economic Development Agreement, the Project is not subject to any federal, state or local regulatory scheme that does not generally affect all properties in the locality in which the Project is located.

(j) [RESERVED].

(k) The Authority has provided or will provide or cause to be provided to the Trustee with true and complete copies of all contracts and agreements currently affecting

the Site and the operation and management of the Project to which it is a party or which it has in its possession, including the existing Management Agreement, any leasing brokerage agreement, and all other contracts or agreements relating to the use, maintenance, development, operation or management thereof. Except for the rights of the current Manager pursuant to the existing Management Agreement, no Person has any right or obligation to manage the Project, or to receive compensation in connection with such management. Except for the current Manager pursuant to the existing Management Agreement, no Person has any right or obligation to sell, lease, or solicit purchasers or tenants for the Project or any part thereof, or to receive compensation in connection with such sale or leasing.

(l) There are no judgments outstanding against the Authority, or affecting any property or assets of the Authority, nor is there any action, charge, claim, demand, suit, proceeding, petition, governmental investigation or arbitration now pending or, to the knowledge of the Authority after due inquiry, threatened against the Authority, other than with respect to any Permitted Encumbrances.

(m) Except for the Transaction Documents, none of the Authority or its Affiliates is a party to or bound by, nor is any property of such Person subject to or bound by, any contract or other agreement which restricts the Authority's ability to conduct its business in the ordinary course or, either individually or in the aggregate, has a Material Adverse Effect on the Authority or the Project or could reasonably be expected to have a Material Adverse Effect on the Authority or the Project.

(n) The Authority is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Contractual Obligation of the Authority which, if violated, could have a Material Adverse Effect, and no condition exists that, with the giving of notice or the lapse of time or both, would constitute such a default.

(o) (i) There are no Environmental Claims pending or asserted or threatened against the Authority, or relating to the Site, and to the Authority's knowledge, there are no conditions associated with the Site that reasonably could give rise to such Environmental Claims. Except as expressly and specifically disclosed in the Environmental Reports received by the Trustee prior to Closing, neither the Authority nor, to the knowledge of the Authority, any other Person has caused or permitted any Hazardous Material to be released or disposed of on-site, or to be used, generated, recycled, handled, reclaimed, transported, treated, or stored in a manner which could form the basis for an Environmental Claim against the Authority or could have contaminated or otherwise relate to the Site's compliance with Environmental Laws.

(ii) Except as expressly and specifically disclosed in the Environmental Reports delivered to the Trustee prior to Closing, and except for materials customarily used or stored in connection with operation and management of construction sites similar to the Site, which materials at the Site exist only in reasonable quantities and are stored, contained, transported, and

used, reasonably (and without on-site disposal or release) and without violation of any Environmental Laws, no Hazardous Materials are or to the knowledge of the Authority, were stored or otherwise located, and no underground storage tanks or surface impoundments are or to the knowledge of the Authority, were located, on the Site or any other real property currently or formerly owned, leased or operated by the Authority, or to the knowledge of the Authority after due inquiry, on adjoining parcels of real property, and no part of such real property, or to the knowledge of the Authority after due inquiry, no part of such adjoining parcels of real property, including the groundwater located therein or thereunder, is presently contaminated by Hazardous Materials.

(iii) The Authority and all Persons engaged in construction activities at the Site have been and are currently in compliance with all applicable Environmental Laws, including obtaining, complying with and maintaining in effect all permits, licenses or other authorizations required by applicable Environmental Laws.

(p) The Authority is not in violation of any law, ordinance, rule, regulation, order, or other requirement of any domestic or foreign government or any instrumentality or agency thereof, having jurisdiction over the Authority, the conduct of its business or the ownership of its properties, which violation or non-compliance would subject the Authority or any of its Affiliates, officers, trustees, or employees to criminal liability or could reasonably be expected to have, either individually or together with all such other violations and non-compliance, a Material Adverse Effect on the Authority or the Project, and no such violation has been alleged. The Authority has filed in a timely manner all reports, documents and other materials required to be filed by it with any governmental bureau, agency or instrumentality (and the information contained in each of such filings is true, correct and complete in all respects), except where failure to make such filings would not have a Material Adverse Effect on the Authority or the Project. The Authority has retained all records and documents required to be retained by them pursuant to any law, ordinance, rule, regulation, order, policy, guideline or other requirement of any governmental authority, except where failure to retain such records would not subject such party or any of its Affiliates, officers, trustees, or employees to criminal liability and could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on the Authority or the Project.

(q) All requisite building permits, conditional use permits, licenses and approvals from all applicable governmental authorities or regulatory bodies relating to the Project, the Approved Plans and the proposed use of the Site have been, or will be, obtained as and when required by Applicable Law in order to commence and perform the Work. The Authority and/or Persons acting at the direction of or on behalf of the Authority have complied with all other governmental requirements related to the commencement and construction of the Work, as and when required by Applicable Law in order to commence and perform the Work.

(r) All utility services, including without limitation, gas, electric, water, storm and sanitary sewer and telephone facilities, necessary for the construction of the Project

and the operation thereof for its intended purposes are available at or within the boundaries of the Site, and either reach or will reach the Site through adjoining public streets, or if they pass through adjoining private real estate, do so in accordance with valid, permanent, non-terminable public or private easements.

(s) With respect to ERISA:

(i) The Authority and each ERISA Affiliate have complied in all material respects with ERISA and, where applicable, the Code regarding each Plan.

(ii) Each Plan is, and has been, maintained in substantial compliance with ERISA and, where applicable, the Code.

(iii) No liability to the PBGC (other than for the payment of current premiums which are not past due) by the Authority or any ERISA Affiliate has been or is expected by the Authority or any ERISA Affiliate to be incurred with respect to any Title IV Plan.

(iv) No ERISA Event has occurred or is reasonably expected to occur.

(v) The actuarial present value of the benefit liabilities (computed on a plan termination basis in accordance with Title IV of ERISA) under each Title IV Plan (other than a Multiemployer Plan) do not, as of the end of the plan's most recently ended fiscal year, exceed the then fair market value of the plan's assets allocable to such benefit liabilities. The term "actuarial present value of the benefit liabilities" shall have the meaning specified in Section 4041 of ERISA.

(vi) The Authority has not incurred any Withdrawal Liability.

(vii) Neither the Authority nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated within the meaning of Title IV of ERISA.

Section 7.33. Additional Covenants. The Authority hereby covenants for the benefit of the Trustee and the Registered Owners as follows:

(a) (i) The Authority shall at all times comply or cause compliance at the Project and Site with all applicable Environmental Laws (other than inadvertent or unintentional de minimis instances of noncompliance). The Authority shall not, and shall not suffer, consent or permit any other Person to: (A) violate any applicable Environmental Law (other than inadvertent or unintentionally de minimis instances of noncompliance); or (B) generate, use, treat, recycle, reclaim, transport, handle, store, release or dispose of any Hazardous Materials in or into, on, under or onto, or from (except for such generation, use, transport, handling, or storage of those Hazardous Materials in such quantities and under such circumstance as are reasonably necessary for the construction, use, maintenance and operation of the Project, provided the Authority complies (and causes other

Persons to comply with) applicable Environmental Laws and except for such air emissions and wastewater discharges to sewer systems made in strict compliance with all Applicable Environmental Laws and permits), any real property owned, leased or operated by the Authority; or (C) permit any Lien imposed pursuant to any Environmental Law to be imposed or to remain on the Site or any other real property owned, leased or operated by the Authority.

(ii) The Authority shall promptly take and diligently prosecute or cause to be prosecuted any and all necessary Remedial Actions upon obtaining knowledge of the presence, storage, use, disposal, transportation, active or passive migration, release or discharge of any Hazardous Materials on, from, in, under or about the Site or any other real property owned, leased or operated by the Authority. Upon obtaining knowledge of any condition of or affecting the Site that is in violation of any applicable Environmental Law, the Authority shall promptly correct such condition or cause it to be, corrected. In the event the Authority undertakes or causes to be undertaken any Remedial Action with respect to any Hazardous Material on, from, in, under or about the Site or any other real property owned, leased or operated by the Authority, the Authority shall conduct and complete such Remedial Action in compliance with all applicable Environmental Laws, and in accordance with the applicable policies, orders and directives of all federal, state and local governmental authorities.

(iii) If the Trustee at any time has a reasonable basis to believe that there may be a violation of any Environmental Law by, or any basis for a material claim or liability arising thereunder of, the Authority or related to the Site or any other real property owned, leased or operated by the Authority, then the Authority agrees, upon request from the Trustee, to provide the Trustee with such reports, certificates, engineering studies or other written material or data as the Trustee may reasonably require so as to satisfy the Trustee that the Authority is in compliance with all applicable Environmental Laws and that no conditions exist that may give rise to an Environmental Claim.

(iv) The Authority shall promptly upon becoming aware thereof advise the Trustee in writing and in reasonable detail of: (A) any release, disposal or discharge of any Hazardous Material on, from, in, under, or about the Site required to be reported to any federal, state or local governmental or regulatory agency under any applicable Environmental Laws or that could give rise to an Environmental Claim, except such air emissions or wastewater discharges pursuant to and in compliance with valid permits, authorizations or registrations under said Environmental Laws; (B) any and all written communications sent or received by the Authority with respect to any actual or potential Environmental Claims or any release, disposal or discharge of Hazardous Material reported to any federal, state or local governmental or regulatory agency or with respect to any instance or alleged or actual non-compliance with any applicable Environmental Law; (C) any Remedial Action taken by the Authority or any other Person in response to any Hazardous Material on, from, in, under or about the Site or any other real property owned, leased or operated by the Authority, the

existence of which could result in an Environmental Claim that could have a Material Adverse Effect; (D) the discovery by the Authority of any occurrence or condition on any real property adjoining or in the vicinity of any real property owned, leased or operated by the Authority that could cause such real property or any part thereof to be classified as "border-zone property" or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use thereof under any Environmental Laws; and (E) any request for information from any governmental agency that indicates such agency is investigating whether the Authority may be potentially responsible for a release, disposal or discharge of Hazardous Materials or may be in violation of any applicable Environmental Law.

(v) The Authority shall promptly notify the Trustee in writing of any proposed action to be taken pertaining in any way to the Site to commence any operations that could reasonably be expected to subject the Authority or the Site to additional laws, rules or regulations, including laws, rules and regulations requiring additional or amended or substantially different environmental Permits or licenses. The Authority shall, at its own expense, provide copies of such documents or information as the Trustee may reasonably request in relation to any matters disclosed pursuant to this Section.

(vi) The Authority shall also conduct and complete or cause to be conducted and completed all investigations, studies, sampling, and testing, and all Remedial Actions necessary to clean up and remove any Hazardous Materials and Asbestos from, at, on, in, under, about or emanating from the Site in accordance with all applicable Environmental Laws, to the extent necessary to allow continued use of the Site for its intended use, without private party or governmental disclosures, notification or covenants pursuant to any Hazardous Material Laws being required or imposed and such all investigations and remediation of air, vapor, soil, water or groundwater shall result in government agency concurrence that no further action is required and, further, shall result in a "clean closure" constituting permanent removal of all Hazardous Material at, on, in, or under or emanating from the Site. "Clean closure" shall not require removal of Hazardous Material to below naturally occurring background concentrations, unless the relevant government agency determines such removal is necessary for issuance of the "clean closure" determination. A "clean closure" shall be achieved even if not strictly mandatory under applicable Hazardous Materials Laws.

(b) The Authority shall duly and punctually perform, observe and comply, or cause the due and punctual performance, observance and compliance, in all material respects with all of the terms, provisions, conditions, covenants and agreements on its part to be performed, observed and complied with hereunder and under the other Transaction Documents and all other agreements entered into or assumed by such Person in connection with the Site or the Project or any part thereof, and will not suffer or permit any default or event of default (giving effect to any applicable notice requirements and cure periods) to exist under any of the foregoing.

(c) The Authority shall not create, incur, assume or suffer to exist any Indebtedness other than Permitted Indebtedness, save and except for Operating Expenses or other expenses recognized as the expenses or obligations of the Authority under any of the Bond Documents or other Transaction Documents.

(d) The Authority shall not be or become liable as a guarantor, surety or otherwise for any obligation of any other Person or for any Contingent Obligation of any kind.

(e) The Authority shall not do any act in contravention of any of the Project Requirements or any Transaction Document.

(f) Except as permitted pursuant to the Transaction Documents, the Authority shall not restrict the use of its cash or restrict its payment of distributions; or otherwise agree or consent to a matter the effect of which would be to restrict or impair its right or ability to perform under this Indenture or any Transaction Document or to comply with any Requirement.

(g) The Authority shall maintain or cause to be maintained with respect to the Project systems of accounting established and administered in accordance with sound business practices and sufficient in all respects to permit preparation of financial statements in accordance with Generally Accepted Accounting Principles and the Uniform System of Accounts. All financial statements with respect to the Project shall be prepared in accordance with Generally Accepted Accounting Principles and the Uniform System of Accounts, consistently applied.

(h) Promptly upon receipt thereof, the Authority shall deliver to the Trustee copies of all significant reports submitted by the Accountants in connection with each annual, interim or special audit of the financial statements or other affairs of the Authority made by such accountants, including the comment letter submitted by such Accountants to management in connection with the annual audit.

(i) Promptly upon the Authority obtaining knowledge of (i) the institution of any action, suit, proceeding, governmental investigation or arbitration against or affecting the Authority, or the Project or any part thereof not previously disclosed in writing by the Authority to the Trustee or (ii) any material development in any action, suit, proceeding, governmental investigation or arbitration at any time pending against or affecting the Authority or the Project or any part thereof, that, in each case, is reasonably likely to have a Material Adverse Effect, the Authority shall give notice thereof to the Trustee and provide such other information as may be reasonably available to them to enable the Trustee and its counsel to evaluate such matter.

(j) The Authority will notify Trustee immediately upon its receipt of knowledge as to a Material Matter.

(k) The Authority shall diligently enforce its rights under each Transaction Document and ensure due performance by each other party thereto of its obligations

thereunder if the failure to perform by such party is reasonably likely to have a Material Adverse Effect.

(l) The Authority shall furnish to the Trustee:

(i) Promptly after the Authority or any ERISA Affiliate knows or has reason to know that any ERISA Event has occurred, a written statement of an Authorized Authority Representative of the Authority describing such event and the action, if any, that the Authority or such ERISA Affiliate has taken and proposes to take with respect thereto and on the date any records, documents or other information must be furnished to the PBGC by the Authority or an ERISA Affiliate with respect to any Title IV Plan pursuant to Section 4010 of ERISA, a copy of such records, documents and information; and

(ii) Promptly upon receipt thereof by the Authority or any ERISA Affiliate, copies of each notice from the PBGC stating its intention to terminate any Title IV Plan or to have a trustee appointed to administer any Title IV Plan; and

(iii) Promptly upon the request of the Trustee after the filing thereof, copies of each Schedule B (actuarial information) to the annual report (Form 5500 Series) with respect to each Title IV Plan maintained by the Authority or an ERISA Affiliate which have been filed with the U.S. Department of Labor or any trust created thereunder; and

(iv) Promptly upon receipt thereof by the Authority or any ERISA Affiliate from the sponsor of a Multiemployer Plan, copies of each notice concerning (A) the imposition of Withdrawal Liability by any such Multiemployer Plan, (B) the reorganization or termination, within the meaning of Title IV of ERISA, of any such Multiemployer Plan or (C) the amount of liability incurred, or that may be incurred, by the Authority or any ERISA Affiliate in connection with any event described in clause (A) or (B) above;

The Authority will observe and comply in all material respects with all laws (including ERISA), ordinances, orders, judgments, rules, regulations, certifications, franchises, permits, licenses, directions, and requirements of all governmental bodies, which now or at any time hereafter may be applicable to the Authority, except such thereof as shall be contested in good faith and by appropriate proceedings diligently conducted by the Authority and as to which appropriate reserves are being maintained.

The Authority will not (1) engage in any "prohibited transaction," as such term is defined in Section 4975 of the Code or Section 406 of ERISA (other than transactions that are exempt by ERISA, its regulations or its administrative exemptions), with respect to any Plan, (2) incur or permit any ERISA Affiliate to incur any "accumulated funding deficiency" (within the meaning of Section 412 of the Code), (3) terminate, or permit any ERISA Affiliate to terminate, any Title IV Plan, or permit the occurrence of any event or condition which presents a risk of termination by the PBGC of any Title IV Plan, (4) withdraw or effect a partial withdrawal from or permit any ERISA Affiliate to withdraw or effect a partial withdrawal from a Multiemployer

Plan, (5) permit any lien upon the property or rights to property of the Authority under Section 302(f) of ERISA, or (6) incur any liability under ERISA, the Code or other applicable law in respect of any Plan maintained for the benefit of employees or former employees of the Authority or an ERISA Affiliate (other than liability to pay benefits, contributions, premiums or expenses when due in the ordinary course of the operation of such Plan), if in each case (1) through (6) above the Authority's liability for such event would have a Material Adverse Effect.

Section 7.34. Periodic Structural and Mechanical Inspections; Adjustments to the Deposits to the Subordinate FF&E/CapEx Reserve Fund. The Authority shall provide the Trustee with a structural and mechanical inspection report of the Project prepared by a licensed engineer every five years, beginning with the report required on or prior to December 31, 2021. The expense of such a structural and mechanical inspection shall be paid as an Operating Expense. If the structural and mechanical inspection report for the Project indicates that amounts being deposited in the Senior FF&E/CapEx Reserve Fund and the Subordinate FF&E/CapEx Reserve Fund are either insufficient or in excess of the amounts anticipated to be required to maintain the Project in accordance with this Indenture, the Authority and the Trustee may adjust the Subordinate FF&E/CapEx Set Aside Amount to provide that the required amount (together with the Senior FF&E/CapEx Set Aside Amount deposited to the Senior FF&E/CapEx Reserve Fund) shall be deposited to the Subordinate FF&E/CapEx Reserve Fund. The Authority shall have the right to direct the Trustee to increase the Subordinate FF&E/CapEx Set Aside by up to 2% of Gross Operating Revenues. In addition, if any deposits required to be made to the Subordinate FF&E/CapEx Reserve Fund pursuant to paragraph *Twelfth* of Section 5.05(a) hereof have not been made and have accrued as of any date, the Authority shall have the right to reduce the amount of the accrued deposits required to be made to the Subordinate FF&E/CapEx Reserve Fund pursuant to paragraph *Twelfth* of Section 5.05(a) hereof.

Section 7.35. Independent Status of Authority for Purposes of State Law. The Authority hereby covenants and agrees that, except as otherwise provided in this Section, (a) the Authority will conduct its activities in a manner so that, for purposes of State law, (i) the Authority is an independent nonprofit corporation that is separate and distinct from the City, (ii) the Authority is not a district in its own right or part of a district for purposes of Article X, Section 20 of the Colorado Constitution and (iii) the Authority could qualify as an enterprise for purposes of Article X, Section 20 of the Colorado Constitution; (b) the Authority shall have no power to levy taxes or assessments of any kind, no power to condemn property by eminent domain and no police power; and (c) the Authority shall not conduct elections or have voters. Notwithstanding any other provision hereof, the Authority need not comply with all or any particular provision of this Section if the Authority receives an opinion of Bond Counsel that such noncompliance will not adversely affect the security, rights, privileges or powers of the Registered Owners of any Outstanding Bonds and will not adversely affect the Authority's ability to acquire, construct, equip, finance and operate the Project in a manner that will produce Gross Operating Revenues sufficient to meet its obligations hereunder.

Section 7.36. Economic Development Agreement. The Authority shall not terminate the Economic Development Agreement or waive an Event of Nonappropriation (as defined in the Economic Development Agreement) thereunder without the consent of the Majority of Affected Holders. The Authority shall terminate the Economic Development Agreement if instructed to

do so by the Majority of Affected Holders upon the occurrence of an Event of Nonappropriation under the Economic Development Agreement.

ARTICLE VIII

DISCHARGE AND DEFEASANCE

Section 8.01. Discharge of Indenture. If the Authority, its successors or assigns, shall well and truly pay, or cause to be paid, all of the principal, Accreted Value and Redemption Price of and interest on the Bonds, at the times and in the manner provided in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Funds and Accounts established hereunder and in the amounts required hereby, or shall provide, as permitted hereby, for the payment thereof by depositing with or for the account of the Trustee an amount sufficient to provide for payment of the entire amount due or to become due thereon (including any amount due or to become due with respect to the Bonds under Section 148 of the Code), and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it on or prior to the date such payments are made, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then, upon such payment and performance, this Indenture and the rights and liens hereby granted shall cease, determine and be void; provided, however, that the Authority's obligations under Section 7.09 hereof, the Trustee's obligation under Section 3.04 hereof, and the Authority's indemnification obligations and the Trustee's rights and protections shall survive such discharge; otherwise, this Indenture is to be and shall remain in full force and effect. In the event that this Indenture is discharged as herein provided, the Trustee shall cause an accounting for such period or periods as shall be requested by the Authority to be prepared and filed with the Authority and, upon the request of the Authority, shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the City all moneys or securities held by them pursuant to this Indenture in respect of such Series which are not required for the payment of principal, Accreted Value or Redemption Price, and interest on the Bonds of such Series not theretofore surrendered for such payment or redemption.

Section 8.02. Defeasance. Any Outstanding Bonds of any Series shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in Section 8.01 hereof if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to it a Letter of Instructions containing irrevocable instructions to give notice of redemption of such Bonds on said date as provided in Article IV hereof, (b) there shall have been deposited with the Trustee, in trust, either money in an amount which shall be sufficient, or Defeasance Investment Securities which are not callable or prepayable prior to maturity the principal of and interest on which without any reinvestment thereof when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an independent certified public accountant, to pay when due the principal, Accreted Value or Redemption Price of, and interest due and to become due on, such Bonds on or prior to the redemption date or maturity date thereof, as the case may be, (c) in the event such Bonds are not to be redeemed within the next succeeding 60 days, the Authority shall have given

the Trustee in form satisfactory to it a Letter of Instructions containing irrevocable instructions to mail, as soon as practicable, notice to the Registered Owners of all such Bonds that the deposit required by clause (b) above has been made with the Trustee or an escrow agent and that such Bonds are deemed to have been paid in accordance with this Section and stating such maturity or Redemption Date upon which money is to be made available for the payment of the principal or Redemption Price of and interest on such Bonds, and (d) there shall be delivered to the Trustee a written opinion of Bond Counsel to the effect that the provisions of this Section have been complied with so that such Bonds are no longer entitled to the benefits of this Indenture and such defeasance will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes. Any Defeasance Investment Securities consisting of U.S. Agency for International Development (U.S.A.I.D.) guaranteed notes must mature at least four Business Days before the appropriate payment date. Neither Defeasance Investment Securities nor money deposited with the Trustee or an escrow agent pursuant to this Section nor principal or interest payments on any such Defeasance Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Accreted Value or Redemption Price of and interest on said Bonds; provided that any cash received from such principal or interest payment on such Defeasance Investment Securities, (i) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Authority as received, free and clear of any trust, lien, security interest, pledge or assignment securing such Bonds or otherwise existing under this Indenture, if all Bonds have been redeemed or discharged, otherwise such cash shall be deposited as Available Revenues, and (ii) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in the Defeasance Investment Securities maturing at times and in amounts sufficient to pay when due the principal, Accreted Value or Redemption Price of and interest to become due on such Bonds, on or prior to such Redemption Date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Authority, as received, free and clear of any trust, lien or pledge, if all Bonds have been redeemed or discharged, otherwise such cash shall be deposited as Available Revenues. Bonds defeased hereunder shall no longer be subject to redemption at the option of the Authority, except to the extent that such Bonds are called for redemption at the time provision is made for the defeasance thereof, as provided in this Section.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Rights and Remedies, Generally. Subject to the provisions of this Indenture, the Registered Owners of the Bonds and the Trustee acting for all of the Registered Owners of the Bonds shall be entitled to all of the rights and remedies provided or permitted under this Indenture or at law or in equity.

Section 9.02. Events of Default. Each of the following events is hereby declared an "Event of Default" under this Indenture:

- (a) failure to make due and punctual payment of the principal or Redemption Price of any Senior Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise;

(b) failure to make due and punctual payment of any installment of interest on any Senior Bond or the unsatisfied balance of any Sinking Fund Installment therefor (except when such Sinking Fund Installment is due on the maturity date of such Senior Bond), when and as such interest installment or Sinking Fund Installment shall become due and payable;

(c) as to the Senior Bonds only, other than as described elsewhere in this Section, failure by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part contained in this Indenture or any Supplemental Indenture or in the Senior Bonds, and such failure shall continue for a period of 120 days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Controlling Party; provided, however, if the failure stated in the notice was due to the failure of another Person in its performance or observance of one or more of its covenants, agreements or conditions on its part contained in another Transaction Document, then instead of such 120-day grace period, no Event of Default shall have occurred so long as corrective action is instituted by the Authority after any applicable grace period permitted under such Transaction Document for such Person and diligently pursued until corrected for a maximum time period of 30 days following the applicable grace period for such Person;

(d) after the date on which no Senior Bonds remain Outstanding, failure to make due and punctual payment of the principal or Redemption Price of any Subordinate Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise;

(e) after the date on which no Senior Bonds remain Outstanding, failure to make due and punctual payment of any installment of interest on any Subordinate Bond or the unsatisfied balance of any Sinking Fund Installment therefor (except when such Sinking Fund Installment is due on the maturity date of such Subordinate Bond), when and as such interest installment or Sinking Fund Installment shall become due and payable;

(f) after the date on which no Senior Bonds remain Outstanding, other than as described elsewhere in this Section, failure by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part contained in this Indenture or any Supplemental Indenture or in the Subordinate Bonds, and such failure shall continue for a period of 120 days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Controlling Party; provided, however, if the failure stated in the notice was due to the failure of another Person in its performance or observance of one or more of its covenants, agreements or conditions on its part contained in another Transaction Document, then instead of such 120-day grace period, no Event of Default shall have occurred so long as corrective action is instituted by the Authority after any applicable grace period permitted under such Transaction Document for such Person and diligently pursued until corrected for a maximum time period of 30 days following the applicable grace period for such Person;

(g) the entry of a decree or order by a court having jurisdiction in the premises for relief in respect of the Authority, or adjudging the Authority as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, adjustment or composition of or in respect of the Authority under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of or for the Authority or any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days;

(h) the commencement by the Authority of a voluntary case under the United States Bankruptcy Code, or the filing by it of a petition or answer or consent seeking reorganization, arrangement or relief under the United States Bankruptcy Code or any other applicable federal or state law, or the consent or acquiescence by it to the filing of any such petition or the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Authority or any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability or its failure to pay its debts generally as they become due, or the taking of corporate action by the Authority in furtherance of any such action;

(i) any representation or warranty made by the Authority herein or in any document, instrument or certificate furnished to the Trustee in connection with the issuance of any Series of Bonds shall at any time prove to have been incorrect in any material respect as of the time made; provided that if it can be corrected by the Authority and such default was unintentional, the Authority shall have a 60-day period to make such correction prior to an Event of Default occurring;

(j) the termination of the Management Agreement and a new management agreement has not been delivered to the Trustee within 60 days from the effective date of such termination; except that, if the Authority is unable to locate a new manager in accordance with Section 7.28 hereof within such 60-day period, such failure shall not become an Event of Default so long as the Authority is diligently proceeding to locate such a manager, the Performance Standard is being met and the Authority has retained a Hotel Consultant to provide advice to the Authority in operating the Project;

(k) if the City or the Authority, or any other Person under the control of the City or the Authority or acting on behalf of the City or the Authority, acquires or commences the development of a Restricted Hotel within the Restricted Area, or designates any hotel (other than the Hotel) within the City of Denver as the City's convention center headquarters hotel, or enters into a room block commitment agreement which would have the effect of diverting convention business from the Hotel (other than in connection with business diverted when the Hotel reaches substantially full occupancy). For purposes of this clause (k), the phrase "commences the development" shall mean taking formal board action on the part of the governing board of the City, the Authority or such other Person to approve such development;

(l) if the City or the Authority, or any other Person under the control of the City or the Authority or acting on behalf of the City or the Authority or requiring the approval of the City, issues its tax exempt bonds in support of, provides a tax abatement for, or otherwise supports a Restricted Hotel located or to be developed within the Restricted Area (other than commonly used development incentives by the City for other private developments including the issuance of bonds payable from tax increments or other use of tax increments, or the City's or other Person's contribution of the site upon which the Restricted Hotel will be located for less than fair market value);

(m) if the City levies or imposes any tax, fee or other charge on the Project or Gross Revenues in a manner disproportionate to any other tax, fee or other charge on other hotels within the Restricted Area;

(n) if the City closes the facilities currently constituting the Colorado Convention Center or changes the use of such facilities to a use other than as the City's Convention Center and a Hotel Consultant forecasts that such closure or change will have a material adverse effect on the Gross Operating Revenues;

(o) the Economic Development Agreement is terminated or for any reason ceases to be in full force and effect or is declared to be null and void which has a Material Adverse Effect;

(p) failure of the Authority to maintain or cause the Manager to maintain the insurance required by Section 7.21 hereof; and continuance of such failure for a period of five Business Days after there has been given to the Authority and the Manager by the Trustee a written notice of such failure;

(q) default in the payment of the principal of, premium, if any, or interest on any Indebtedness not evidenced by a Bond when the same becomes due and payable, and any applicable grace period shall have expired, or an event of default as defined in any mortgage, indenture or other instrument under or pursuant to which there was issued or incurred, or by which there is secured, any such Indebtedness; provided, however, a default in payment thereunder shall not constitute an event of default unless the unpaid principal amount of such Indebtedness, together with the unpaid principal amount of all other Indebtedness so in default, exceeds \$5,000,000;

(r) any judgment which is final, writ or warrant of attachment or any similar process shall be entered or filed against the Authority or against any property thereof and remains unvacated, unpaid, unbonded, unstayed or uncontested in good faith for a period of 30 days; provided, however, that none of the foregoing shall constitute an event of default unless the amount of such judgment, writ, warrant of attachment or similar process, together with the amount of all other such judgments, writs, warrants or similar processes so unvacated, unpaid, unbonded, unstayed or uncontested, exceeds \$5,000,000;

(s) if the City formally commences condemnation proceedings against all or any part of the Project (other than fines or penalties assessed against the Project for non-compliance with an Applicable Law); and

(t) an amount in excess of \$500,000 has been withdrawn from the Senior Debt Service Reserve Fund, which amount has not been replenished with 30 days of such withdrawal.

ANYTHING IN THIS INDENTURE TO THE CONTRARY NOTWITHSTANDING, UPON THE OCCURRENCE AND CONTINUANCE OF AN EVENT OF DEFAULT AS DEFINED HEREIN, THE MAJORITY OF AFFECTED HOLDERS SHALL BE ENTITLED TO CONTROL AND DIRECT THE ENFORCEMENT OF ALL RIGHTS AND REMEDIES GRANTED TO THE REGISTERED OWNERS OR THE TRUSTEE FOR THE BENEFIT OF THE REGISTERED OWNERS UNDER THIS INDENTURE, INCLUDING, WITHOUT LIMITATION, (I) THE RIGHT TO ACCELERATE THE PRINCIPAL OF THE SENIOR BONDS AS DESCRIBED IN THIS INDENTURE, AND (II) THE RIGHT TO ANNUL ANY DECLARATION OF ACCELERATION, AND THE MAJORITY OF AFFECTED HOLDERS SHALL ALSO BE ENTITLED TO APPROVE ALL WAIVERS OF EVENTS OF DEFAULT.

Upon the occurrence of an Event of Default, the Trustee shall promptly provide written notice by first class mail to the Registered Owners of the Bonds then Outstanding and to the Beneficial Owners of the Bonds then Outstanding who have provided such information to the Trustee as is reasonably required by the Trustee to enable it to provide such notice to such Beneficial Owners (i) of such Event of Default and (ii) the action or remedy, if any, then proposed to be taken by the Trustee at the direction of the Majority of Affected Holders. The Trustee shall be fully protected and indemnified by the Majority of Affected Holders in acting in accordance with the directions of the Majority of Affected Holders, and shall so act.

AS LONG AS ANY SENIOR BONDS REMAIN OUTSTANDING, NO EVENT OF DEFAULT HEREUNDER WILL EXIST OR MAY BE DECLARED WITH RESPECT TO ANY SUBORDINATE BONDS.

Section 9.03. Notice of Default. Upon knowledge of the existence of any Event of Default, the Trustee shall notify the Authority, the City and the Manager in writing as soon as practicable, but in any event within two Business Days; provided, however, that the Trustee need not provide notice of any Event of Default if the Authority has expressly acknowledged the existence of such Event of Default in a writing delivered to the Trustee. The Trustee shall recognize any cure of an Event of Default by the Manager or the City.

Section 9.04. Specific Remedies.

(a) If an Event of Default (other than with respect to the Subordinate Bonds while any Senior Bonds are Outstanding) occurs and is continuing, then, subject to subsection (d) of this Section, the Trustee shall, upon the written request of the Majority of Affected Holders, and may, but only upon the written consent of the Majority of Affected Holders, and having been indemnified to its satisfaction (except with respect to the exercise of the remedy specified in clause (i) of this subsection (a) for which the Trustee shall not be entitled to require indemnification as a precondition to the exercise of such remedy) take any or all or any combination of the following actions:

(i) unless such Event of Default is an Event of Default under Section 9.02(c) or (i) hereof which does not have a Material Adverse Effect on the

Project, or any part thereof, declare the principal of the Senior Bonds to be immediately due and payable, whereupon that portion of the principal of the Senior Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding;

(ii) by mandamus or other suit, action or proceeding at law or in equity require the Authority to perform its covenants, representations and duties with respect to the Senior Bonds under this Indenture;

(iii) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Registered Owners of the Senior Bonds;

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of the Senior Bonds;

(v) prohibit the Authority from withdrawing moneys from any Funds or Accounts (except the Excess Revenue Fund, the Authority Fund, the Rebate Fund, the Taxes and Insurance Fund, the Operating Reserve Fund, the Senior FF&E/CapEx Reserve Fund, and the Subordinate FF&E/CapEx Reserve Fund) without the Controlling Party's written consent;

(vi) request that a court of competent jurisdiction appoint, to the extent permitted by law, a receiver or receivers of the Trust Estate, and the income, revenues, profits and use thereof, it being the intent hereof that, to the extent permitted by law, the Trustee shall be entitled to appointment of such a receiver as a matter of right;

(vii) unless such Event of Default is an Event of Default under Section 9.02(c) or (i) hereof which does not have a Material Adverse Effect on the Project, or any part thereof, commence foreclosure of the Deed of Trust by private sale or judicial foreclosure; provided that the Trustee shall first receive the written consent of the Majority of Affected Holders;

(viii) upon the occurrence of an Event of Default described in Section 9.02(a) or (b) hereof, transfer moneys from any Funds or Accounts (other than amounts necessary to pay Operating Expenses and amounts on deposit in the Excess Revenue Fund, the Rebate Fund and the Taxes and Insurance Fund) to the Senior Debt Service Account of the Debt Service Fund;

(ix) enter into such agreements or other arrangements as the Controlling Party determines, in its discretion, to be necessary or appropriate either to retain the Manager under the existing Management Agreement or make modifications to said Management Agreement; provided that there shall first be delivered an opinion of Bond Counsel to the effect that such agreements,

arrangements or modifications will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Bonds;

(x) enforce all rights of the Authority under the Management Agreement, including the right to terminate and replace such parties under a new qualified management agreement which is reasonable under the circumstances and necessary and appropriate to (A) maximize the current and long term value of the Project, (B) maximize Net Revenues, and (C) enhance the overall operating efficiency of the Project;

(xi) take such actions, including the filing and prosecution of lawsuits, but only at the written direction of the Majority of Affected Holders, as may be required to enforce for the benefit of the Registered Owners the terms of any agreements or instruments relating to the Project, or any part thereof, which the Trustee, at the written direction of the Majority of Affected Holders may be entitled to enforce, including without limitation (A) the Management Agreement and the Economic Development Agreement, (B) any construction contracts, design contracts or consulting contracts or operating agreements, (C) any insurance policies, completion guaranties or payment and performance bonds, and (D) any other agreements or instruments which the Trustee, at the written direction of the Majority of Affected Holders, may be entitled to enforce;

(xii) exercise any right of the Authority to give any consent or notice, to take any act or refrain from taking any act, and otherwise act in the full place and stead of the Authority in any Transaction Document, either in its name, the name of the Trustee on behalf of the Registered Owners or the Authority (and in order to do so, the Authority hereby grants the Trustee and the Majority of Affected Holders an irrevocable power of attorney to use the Authority's name); provided that if the Event of Default is an Event of Default as set forth in Section 9.02(c) or (i) hereof, then such right to exercise the remedy set forth in this clause (xii) shall be restricted to relate solely to curing such Event of Default unless such Event of Default results in a Material Adverse Effect with respect to the Project, or any part thereof; or

(xiii) take such other steps to protect and enforce its rights and the rights of the Registered Owners of the Senior Bonds, whether by action, suit or proceeding in aid of the execution of any power herein granted or for the enforcement of any other appropriate legal or equitable remedy, including, but not limited to, proceeding by suit or suits, at law or in equity or by any other appropriate legal or equitable remedy, to enforce payment of the principal and Redemption Price of and interest then due on the Senior Bonds.

(b) If there are not any Senior Bonds Outstanding and an Event of Default occurs and is continuing, then, subject to subsection (d) of this Section, the Trustee shall, upon the written request of the Majority of Affected Holders and having been indemnified to its satisfaction (except with respect to the exercise of the remedy specified in clause (i) of this subsection (b) for which the Trustee shall not be entitled to require

indemnification as a precondition to the exercise of such remedy) take any or all or any combination of the following actions:

(i) unless such Event of Default is an Event of Default under Section 9.02(f) or (i) hereof which does not have a Material Adverse Effect on the Project, or any part thereof, accelerate the Bonds, whereupon all principal of and interest on such Bonds shall immediately become due; provided that the Trustee shall first receive the written consents of the Registered Owners of not less than a majority in aggregate principal amount of the Subordinate Bonds then Outstanding;

(ii) by mandamus or other suit, action or proceeding at law or in equity require the Authority to perform its covenants, representations and duties with respect to the Subordinate Bonds under this Indenture;

(iii) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Registered Owners of the Subordinate Bonds;

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of the Subordinate Bonds;

(v) prohibit the Authority from withdrawing moneys from any Funds or Accounts (except the Excess Revenue Fund, the Authority Fund, the Rebate Fund, the Taxes and Insurance Fund, the Operating Reserve Fund, the Senior FF&E/CapEx Reserve Fund and the Subordinate FF&E/CapEx Reserve Fund) without the Controlling Party's written consent;

(vi) request that a court of competent jurisdiction appoint, to the extent permitted by law, a receiver or receivers of the Trust Estate, and the income, revenues, profits and use thereof, it being the intent hereof that, to the extent permitted by law, the Trustee shall be entitled to appointment of such a receiver as a matter of right;

(vii) unless such Event of Default is an Event of Default under Section 9.02(f) or (i) hereof which does not have a Material Adverse Effect on the Project, or any part thereof, commence foreclosure of the Deed of Trust by private sale or judicial foreclosure; provided that the Trustee shall first receive the written consent of the Majority of Affected Holders;

(viii) upon the occurrence of an Event of Default described in Section 9.02(c) or (d) hereof, transfer moneys from any Funds or Accounts (other than amounts necessary to pay Operating Expenses and amounts on deposit in the Excess Revenue Fund, the Taxes and Insurance Fund and the Rebate Fund);

(ix) enter into such agreements or other arrangements as the Controlling Party determines, in its discretion, to be necessary or appropriate

either to retain the Manager under the existing Management Agreement or make modifications to said Management Agreement; provided that there shall first be delivered an opinion of Bond Counsel to the effect that such agreements, arrangements or modifications will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Bonds;

(x) enforce all rights of the Authority under the Management Agreement, including the right to terminate and replace such parties under a new qualified management agreement which is reasonable under the circumstances and necessary and appropriate to (A) maximize the current and long term value of the Project, (B) maximize Net Revenues, and (C) enhance the overall operating efficiency of the Project;

(xi) take such actions, including the filing and prosecution of lawsuits, at the written direction of the Majority of Affected Holders, as may be required to enforce for the benefit of the Registered Owners the terms of any agreements or instruments relating to the Project, or any part thereof, which the Trustee, at the written direction of the Majority of Affected Holders may be entitled to enforce, including without limitation (A) the Economic Development Agreement and the Management Agreement, (B) any construction contracts, design contracts or consulting contracts or operating agreements, (C) any insurance policies, completion guarantees or payment and performance bonds, and (D) any other agreements or instruments which the Trustee, at the written direction of the Majority of Affected Holders, may be entitled to enforce;

(xii) exercise any right of the Authority to give any consent or notice, to take any act or refrain from taking any act, and otherwise act in the full place and stead of the Authority in any Transaction Document, either in its name, the name of the Trustee on behalf of the Registered Owners or the Authority (and in order to do so, the Authority hereby grants the Trustee and the Majority of Affected Holders an irrevocable power of attorney to use the Authority's name); provided that if the Event of Default is an Event of Default as set forth in Section 9.02(f) or (i) hereof, then such right to exercise the remedy set forth in this clause (xii) shall be restricted to relate solely to curing such Event of Default unless such Event of Default results in a Material Adverse Effect with respect to the Project, or any part thereof; or

(xiii) take such other steps to protect and enforce its rights and the rights of the Registered Owners of the Subordinate Bonds, whether by action, suit or proceeding in aid of the execution of any power herein granted or for the enforcement of any other appropriate legal or equitable remedy, including, but not limited to, proceeding by suit or suits, at law or in equity or by any other appropriate legal or equitable remedy, to enforce payment of the principal and Redemption Price of and interest then due on the Subordinate Bonds.

(c) Any declaration of acceleration pursuant to clause (a)(i) or (b)(i) of this Section hereof, however, is subject to the condition that if, at any time after such

declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority shall deposit with the Trustee a sum sufficient to pay all the principal, Accreted Value, or Redemption Price of and installments of interest on the Affected Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable charges and expenses of the Trustee, including fees and expenses, of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision reasonably deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee may, and shall at the written direction of the Majority of Affected Holders, on behalf of the Registered Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

(d) The Registered Owners of the Subordinate Bonds shall have no right (i) to pursue or direct any remedy available to the Trustee hereunder or (ii) to be paid from the proceeds received by the Trustee through the exercise of any such remedy while any Senior Bonds are Outstanding. The Trustee shall give written notice to the Registered Owners of the Subordinate Bonds of its exercise of remedies. The Registered Owners of the Subordinate Bonds expressly acknowledge and agree that any action taken by the Trustee for the Senior Bonds may benefit the Senior Bonds without benefiting the Registered Owners of the Subordinate Bonds and may adversely affect the Registered Owners of the Subordinate Bonds. The Trustee has no obligation to consider whether remedies taken would have a material adverse effect on the possibility that Registered Owners of Subordinate Bonds will be paid amounts in respect of such Subordinate Bonds or to consider any effect that a remedy may have on the Registered Owners of Subordinate Bonds. Upon the occurrence of an Event of Default under Section 9.02(g) or (h) hereof, all rights and votes of the Registered Owners of the Bonds then Outstanding shall be assigned to the Majority of Affected Holders, such rights to be exercised and votes cast in accordance with the determination of the Majority of Affected Holders. Upon the occurrence of an Event of Default under Section 9.02 hereof, the Trustee shall provide by first class mail to the Registered Owners of at least \$1,000,000 in aggregate principal amount of Subordinate Bonds all reports, notices and other information received by the Trustee in connection with the Project and the Bonds.

(e) Further, in the event the Trustee fails to pay the Registered Owners of the Subordinate Bonds scheduled payments on the Subordinate Bonds from funds rightfully on deposit in the Subordinate Debt Service Account when permitted to be paid hereunder, or the Trustee is not properly allocating the Available Revenues and other funds constituting the Trust Estate to the Subordinate Debt Service Account and any other Account created exclusively for the Subordinate Bonds, in accordance with the priorities set forth herein, and the terms and provisions hereof, the Subordinate Registered Owners shall have the right by mandamus or other suit, action or proceeding at law or in equity to compel the Trustee to make such payments or allocations in accordance with the

priorities set forth in, and the terms and the provisions hereof, provided that, except as expressly set forth herein, such action shall not be at the expense of the Trust Estate.

Section 9.05. Application of Proceeds. The proceeds received by the Trustee, after payment or provision for payment of Operating Expenses (including the Base Management Fee) then due and payable and making the deposits to the Funds and Accounts and such disbursements therefrom as required to be made pursuant to the Cash Management Agreement which the Manager shall, if the Management Agreement remains in effect, continue to have access to as set forth in the Cash Management Agreement, pursuant to the exercise of any right or remedy under this Article shall, together with all securities and other moneys which may then be held by the Trustee as a part of the Trust Estate, subject to the application of amounts in specific Funds and Accounts which are pledged solely to the repayment of the Senior Bonds or the Subordinate Bonds, be applied in order, as follows:

(a) *First*, To the payment of the reasonable and proper charges, expenses and liabilities of the Trustee;

(b) *Second*,

(i) Unless the principal of all Senior Bonds shall have become or have been declared due and payable,

First, to the payment to the Registered Owners entitled thereto of all installments of interest (together with interest due on overdue installments of interest to the extent allowed by law) then due on the Senior Bonds in the order of the maturity of such installment, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second, to the payment to the Person entitled thereto of the unpaid principal, Accreted Value or Redemption Price of the Senior Bonds with respect to which such remedy was exercised which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Senior Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal, Accreted Value or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Senior Bonds with respect to which such remedy was exercised shall have become or have been declared due and payable, to the payment of the principal or Redemption Price and interest then due and unpaid upon the Senior Bonds, with interest on the overdue principal and interest (to the extent allowed by law) at the rate borne by the respective Senior Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without

preference or priority of principal over interest or Redemption Price, or of interest over principal or Redemption Price, or of Redemption Price over principal or interest, or of any installment of interest over any other installment of interest, or of any Senior Bond over any other Senior Bond, according to the amounts due respectively for principal, Redemption Price and interest, to the Registered Owners entitled thereto without any discrimination or preference;

(c) *Third,*

(i) Unless the principal of all Subordinate Bonds shall have become or have been declared due and payable,

First, to the payment to the Registered Owners entitled thereto of all installments of interest (together with interest due on overdue installments of interest to the extent allowed by law) then due on the Subordinate Bonds in the order of the maturity of such installment, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second, to the payment to the Registered Owners entitled thereto of the unpaid principal, Accreted Value or Redemption Price of the Subordinate Bonds with respect to which such remedy was exercised which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Subordinate Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal, Accreted Value or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Subordinate Bonds with respect to which such remedy was exercised shall have become or have been declared due and payable, to the payment of the principal or Redemption Price and interest then due and unpaid upon the Subordinate Bonds, with interest on the overdue principal and interest (to the extent allowed by law) at the rate borne by the respective Subordinate Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest or Redemption Price, or of interest over principal or Redemption Price, or of Redemption Price over principal or interest, or of any installment of interest over any other installment of interest, or of any Subordinate Bond over any other Subordinate Bond, according to the amounts due respectively for principal, Redemption Price and interest, to the Registered Owners entitled thereto without any discrimination or preference.

Section 9.06. Trustee May Act Without Possession of Bonds. All rights of action under this Indenture or under any Bonds may be enforced by the Trustee, without possession of

any of the Bonds or the production thereof in any trial or other proceedings relative thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its name, as trustee for the ratable benefit of the Registered Owners of the Bonds, subject to the provisions of this Indenture.

Section 9.07. Trustee as Attorney-in-Fact. The Trustee is hereby irrevocably appointed (and the Registered Owners of the Bonds, by taking and holding same from time to time, shall be deemed to have so appointed the Trustee) the true and lawful attorney in fact of the Registered Owners of the Bonds, or on behalf of all Registered Owners of the Bonds as a class, with respect to any proof of debt, amendment to proof of debt, petition or other document, and to do and perform any and all acts and things for and in the name of the Registered Owners of the Bonds against the Authority allowed in any equity receivership, insolvency, liquidation, bankruptcy, reorganization or other proceedings to which the Authority shall be a party and to receive payment of or on account of such claims. Any such receiver, assignee, liquidator or trustee is hereby authorized by each of the Registered Owners of the Bonds to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Registered Owners of the Bonds, to pay to the Trustee any amount due for compensation and expenses of the Trustee, including counsel fees, incurred up to the date of such distribution, and the Trustee shall have full power of substitution and delegation in respect of any such powers.

Section 9.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or the Registered Owners is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity or by statute subject, however, to the right of the Majority of Affected Holders to direct the remedies and the limitations on remedies for the benefit of the Registered Owners of the Senior Bonds and the Subordinate Bonds set forth in Section 9.04 hereof.

Section 9.09. Limitation on Suits. All rights of action in respect of this Indenture shall be exercised only by the Trustee, and the Registered Owner of any Bond shall not have any right to institute any suit, action or proceedings at law or in equity for the appointment of a receiver or for any other remedy hereunder or by reason hereof, unless and until the Trustee shall have received a written request of the Majority of Affected Holders, and shall have been furnished reasonable indemnity and shall have refused or neglected for 30 days thereafter to institute such suit, action or proceedings and no direction inconsistent with such written request has been given to the Trustee during such 30-day period by the Majority of Affected Holders. The making of such request and the furnishing of such indemnity shall in each and every case be conditions precedent to the execution and enforcement by any Registered Owner of any Affected Bond of the powers and remedies given to the Trustee hereunder and to the institution and maintenance by any such Registered Owner of any action or cause of action for the appointment of a receiver or for any other remedy hereunder, but the Trustee may, in its discretion, and when thereunto duly requested in writing by the Majority of Affected Holders and when furnished indemnity satisfactory to protect it against expenses, charges and liability shall, forthwith, subject to Section 9.04(d) hereof, take such appropriate action by judicial proceedings otherwise in respect of any existing default on the part of the Authority as the Trustee may deem expedient in the

interest of the Registered Owners of the Affected Bonds. The rights of the Registered Owners under this Section are in all events subject to the provisions of Section 9.04 hereof.

Nothing contained in this Article, however, shall affect or impair the right of any Registered Owner of any Bonds, which shall be absolute and unconditional, to enforce the payment of the principal of, premium, if any, and interest on the Bonds of such Registered Owner, but only out of the moneys for such payment as herein provided, or the obligation of the Authority, which shall also be absolute and unconditional, to make payment of the principal of, premium, if any, and interest on the Bonds, but only out of the funds provided herein for such payment, to the respective Registered Owners thereof at the time and place stated herein, and subject in all cases to Section 9.04(d) hereof and the rights of the Manager under the Management Agreement, this Indenture and the Cash Management Agreement.

Section 9.10. Right of Majority of Affected Holders to Direct Proceedings. Notwithstanding any provision of this Indenture to the contrary other than as specifically set forth in Section 9.02 herein, the Majority of Affected Holders shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the pursuit or exercise of any remedy available to the Trustee or any trust or power conferred on the Trustee or any other proceedings hereunder, provided, however, that the Trustee shall have been satisfactorily indemnified and that such direction shall not be contrary to law or the provisions of this Indenture, and, unless such direction relates to the acceleration of all or a portion of the Affected Bonds, the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceedings so directed would involve it in personal liability for which it has not received adequate indemnity. The rights of the Registered Owners under this Section are in all events subject to the provisions of Section 9.04 hereof. For purposes of this Section, the Trustee may conclusively rely on any instrument delivered to it in accordance with this Section and need not conduct an independent investigation as to such matters.

Section 9.11. Restoration of Rights and Remedies. If the Trustee or any Registered Owner of a Bond has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Registered Owner of a Bond, then and in every such case, the Authority, the Trustee and the Registered Owners of the Bonds shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Registered Owners of the Bonds shall continue as though no such proceeding had been instituted.

Section 9.12. Waiver of Stay or Extension Laws. To the extent that it may lawfully do so, the Authority covenants that it will not at any time insist upon, plead or in any manner whatsoever claim or take the benefit or advantage of any stay or extension law, whenever or wherever enacted, which may affect the covenants or the performance of this Indenture. The Authority also covenants that it will not otherwise hinder, delay or impede the execution of any power herein granted to the Trustee.

Section 9.13. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Registered Owner of any Bond to exercise any right or remedy accruing upon any Event of Default hereunder shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Registered Owners of the Bonds may be executed from time to time, and as often as may be deemed expedient, by the Trustee or by the Registered Owners of the Bonds, as the case may be.

Section 9.14. Deposits to the Excess Revenue Fund to Cease upon Event of Default. Upon the occurrence and continuation of an Event of Default hereunder, any amounts required to be deposited to the Excess Revenue Fund pursuant to the terms and provisions of this Indenture shall instead be deposited to the Primary Cash Trap Fund until such Event of Default is cured or waived.

ARTICLE X

CONCERNING THE FIDUCIARIES

Section 10.01. Trustee; Appointment and Acceptance of Duties. The Bank of New York Mellon Trust Company, N.A., is hereby appointed as Trustee. The Trustee hereby accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article, to all of which the Authority agrees and the respective Registered Owners of the Bonds agree by their acceptance of delivery of any of the Bonds. The Trustee shall be deemed to have accepted such trusts with respect to all the Bonds hereafter to be issued, but only, however, upon the terms and conditions set forth in this Indenture. The Trustee may execute any of the trusts or powers set forth herein and perform the duties required of it or imposed on it hereunder by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trusts and its duties herein.

Section 10.02. Registrars and Other Agents; Appointment and Acceptance of Duties.

(a) The Authority may appoint one or more Registrars or other Fiduciaries to perform any of the duties and obligations imposed under this Indenture or any Supplemental Indenture, and separate appointments may be made for the Bonds of each Series.

(b) Each Registrar or other Fiduciary, other than the Trustee, shall signify its acceptance of the duties and obligations imposed upon it by this Indenture or any Supplemental Indenture by executing and delivering to the Authority and to the Trustee a written acceptance thereof.

Section 10.03. Responsibilities of the Trustee.

(a) The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Authority, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bonds issued thereunder, as to the security afforded by this Indenture

or the Deed of Trust, or as to the condition of the Land upon which the Project will be constructed or the title thereof, and the Trustee shall not incur any liability in respect to any of the foregoing. The Trustee shall, however, be responsible for its representations contained in any authentication on the Bonds. The Trustee shall not be under any responsibility or duty with respect to the application of any money paid to the Authority or money collected by the Authority prior to the delivery thereof to the Trustee. The Trustee shall not be under any obligation or duty to perform any act, whether requested by the Registered Owners or otherwise, which would involve it in liability or to institute or defend any suit in respect hereof, or to advance any of its own money, unless it has been satisfactorily indemnified against such liability except liability resulting from its negligence or willful misconduct; provided however that in the case of any Registered Owner that demonstrates that it has assets of at least \$50,000,000, a written undertaking by such Registered Owner to indemnify the Trustee for its proportionate share (relative to the other indemnifying Registered Owners) of any liabilities incurred by the Trustee shall suffice and no indemnity bond shall be required. Subject to the provisions of subsection (b) of this Section, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

(b) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case an Event of Default has occurred (which has not been cured), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as an ordinary prudent corporate trustee would exercise or use under the circumstances. The Trustee shall not be required to take notice or be deemed to have notice or knowledge of any default hereunder except (i) an Event of Default under subsections (a), (b), (c), (d), (e), (f), (g) (h), (j) or (n) of Section 9.02 hereof, (ii) any other default or Event of Default of which a Responsible Officer of the Trustee has knowledge, or (iii) any Event of Default (as defined in the Management Agreement) or any termination of the Management Agreement, unless a Responsible Officer of the Trustee shall be specifically notified in writing of the default by the Authority or by the Registered Owners of not less than 25% in principal amount of the Affected Bonds then Outstanding. All notices or other instruments required by this Indenture to be delivered to the Trustee must, to be effective, be delivered at the designated office of the Trustee, and in the absence of the notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Any provision of this Indenture relating to action taken or to be taken by the Trustee or the evidence upon which the Trustee may rely shall be subject to the provisions of this Section.

(c) Absent manifest error or obvious defects, the Trustee is not required to make any inquiry or investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document (other than to establish facial compliance with the requirements of this Indenture) but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee determines to make such further inquiry or investigation, it

is entitled to examine the books, records and premises of the Authority, in person or by agent or attorney.

(d) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the non-negligent acts and actions taken on behalf of the Trustee by the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and final payment of the Bonds.

(e) The permissive right of the Trustee to take the actions permitted by this Indenture shall not be construed as an obligation or duty to do so.

(f) Promptly after receiving appropriate notification thereof, the Trustee shall be responsible for sending notifications required to be sent to the Registered Owners hereunder and requesting consents of the Registered Owners when required hereunder.

(g) Except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

Section 10.04. Evidence on Which the Trustee May Act.

(a) The Trustee, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Indenture, shall be protected in acting upon any such instrument believed by it to be genuine (and in the absence of obvious defects therein) and to have been signed or presented by the proper party or parties and consented to by such other parties where required. The Trustee may consult with counsel, who may or may not be counsel to the Authority, or any Consultant, and the opinion of such counsel or Consultant, if selected with due care, shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Indenture in good faith and in accordance therewith.

(b) Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Authority Representative, and such shall be full warrant by the Authority for any action taken or suffered in good faith under the provisions of this Indenture upon the faith thereof; but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

(c) Except as otherwise expressly provided in this Indenture, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Authority to the Trustee shall be sufficiently executed if executed in the name of the Authority by an Authorized Authority Representative.

(d) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, receivers, agents or employees but shall not be answerable for the conduct of attorneys and receivers who have been selected by it with reasonable care, and may in all cases pay reasonable compensation to all attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof, and the Trustee shall not be responsible for any misconduct or negligence of any agent or attorney appointed with due care by it.

(e) Except as otherwise provided in Section 6.02 hereof, the Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

Section 10.05. Compensation. The Authority shall pay to the Trustee from time to time, from amounts rightfully on deposit in the Administrative Expenses Fund, reasonable compensation for all services rendered under this Indenture, including reasonable default administrative fees of the Trustee upon the occurrence of an Event of Default hereunder, and also all reasonable expenses, costs, charges, counsel fees, Consultant fees and other disbursements, including those of its attorneys, agents, Consultants and employees, incurred in and about the execution of the trusts created by this Indenture, and in and about the exercise and performance of the powers and duties of the Trustee hereunder and for the reasonably necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful misconduct of the Trustee) under this Indenture. The Trustee shall have the right to select and retain counsel of its own choosing to represent it in any such proceedings. In the event the Trustee incurs expenses or renders services in any proceedings which result from the occurrence or continuance of an Event of Default under Section 9.02(g) or (h) hereof, or from the occurrence of any event which, by virtue of the passage of time, would become such Event of Default, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the United States Bankruptcy Code or equivalent law.

Section 10.06. Certain Permitted Acts. The Trustee may become the Registered Owner of any Bonds, with the same rights it would have if it were not the Trustee. To the extent permitted by law, the Trustee may act as depository for, and may permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Registered Owners or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the Registered Owners of a majority in principal amount of the Bonds Outstanding. The provisions of this Section shall extend to affiliates of the Trustee.

Section 10.07. Resignation of Trustee. Except as otherwise provided by a Supplemental Indenture, the Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture, effective immediately upon the appointment of a successor

Trustee pursuant to Section 10.09 hereof, by giving not less than 60 days' written notice to the Authority of the date it desires to resign and mailing written notice to the Registered Owners of all Bonds and such resignation shall take effect immediately on the appointment of a successor Trustee pursuant to Section 10.09 hereof.

Section 10.08. Removal of Trustee. So long as an Event of Default has not occurred and is not continuing, the Trustee may be removed, with or without cause, at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Authority or its attorneys-in-fact duly authorized. In addition, the Trustee may be removed at any time for any breach of the trust set forth herein. Notwithstanding the foregoing, any removal of the Trustee shall not be effective until a successor Trustee has been appointed and has assumed the duties and responsibilities of successor Trustee under this Indenture.

Section 10.09. Appointment of Successor Trustee.

(a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by the Authority or by its attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the predecessor Trustee. The successor Trustee shall mail notice of the appointment of the successor Trustee to the Registered Owners of all Bonds.

(b) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the Authority written notice as provided in Section 10.07 hereof or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, its removal, or for any other reason whatsoever, the Trustee (in the case of a resignation under Section 10.07 hereof) or the Majority of Affected Holders may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

(c) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company or national or state banking association (i) in good standing with offices located in or incorporated under the laws of the State of Colorado, (ii) duly authorized to exercise trust powers and subject to examination by federal or state authority and (iii) having (or whose parent holding company shall have) reported capital and surplus of not less than \$75,000,000.

Section 10.10. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Indenture shall execute, acknowledge, and deliver to its predecessor Trustee and to the Authority an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties, and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Authority or of the successor Trustee, execute,

acknowledge, and deliver such instruments of assignment and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all rights, powers, duties and obligations in and to any property held by it under this Indenture, and shall pay over, assign, and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers, and duties, any and all such instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged, and delivered by the Authority. Any such successor Trustee shall promptly notify any Registrars of its appointment as Trustee.

Section 10.11. Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such entity shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and shall be authorized by law to perform all duties imposed upon it by this Indenture, shall be the successor Trustee without the execution or filing of any paper or the performance of any further act. The successor Trustee shall mail notice to the Registered Owners of all Outstanding Bonds of the successor Trustee.

Section 10.12. Adoption of Authentication. In case any of the Bonds contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Trustee or Authenticating Agent may adopt the certificate of authentication of any predecessor Trustee or Authenticating Agent so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee or Authenticating Agent may authenticate such Bonds in the name of the successor Trustee or Authenticating Agent, and any Bonds so authenticated shall be deemed to be Bonds duly authenticated pursuant to this Indenture.

Section 10.13. Resignation or Removal of Fiduciaries and Appointment of Successors.

(a) Any Registrar or other Fiduciary may at any time resign and be discharged of the duties and obligations created by this Indenture or any Supplemental Indenture by giving at least 60 days' written notice to the Authority, the Trustee, and the other Fiduciaries, if any. Any such Fiduciary may be removed at any time by an instrument filed with such Fiduciary and the Trustee and signed by the Authorized Authority Representative. Any successor Fiduciary shall be appointed by the Authority with the approval of the Trustee and shall be willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it in such capacity by this Indenture.

(b) In the event of the resignation or removal of any Fiduciary, such Fiduciary shall pay over, assign and deliver any money held by it to its successor, or if there be no

successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Registrar appointed by the Authority, the Trustee shall act as such Registrar.

(c) The provision of this Section may be modified by a Supplemental Indenture in respect of any Series of Bonds, authorized thereby, and in the event of any conflict with the provisions hereof the provisions of such Supplemental Indenture shall control in respect of any Series of Bonds authorized thereby.

Section 10.14. Indemnification by the Authority. To the fullest extent permitted by law, the Authority agrees to indemnify, hold harmless and defend the Trustee and its affiliates, and each of their respective officers, directors, officials, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, Claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise, arising out of or based upon or in any way relating to:

(a) the Main Transaction Documents or the execution or amendment thereof, or in connection with transactions contemplated thereby, including the sale, resale or remarketing of the Bonds;

(b) any act or omission of the Authority or any of its agents, contractors, servants, employees or licensees in connection with the Project, or any part thereof, the operation of the Project, or any part thereof, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project, or any part thereof;

(c) any lien or charge upon payments by the Authority to the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Trustee in respect of any portion of the Project;

(d) any Environmental Claim relating to the Project, any violation of any Environmental Law, rule or regulation with respect to, or the release of any Hazardous Material on, in, under, about, or from, the Project or any part thereof or any other Hazardous Material contamination at, on, in, under, about, or from the site;

(e) the defeasance and/or redemption, in whole or in part, of the Bonds;

(f) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact made by the Authority contained in any offering statement or document for the Bonds or any of the documents relating to the Bonds to which the Authority is a party, or any omission or alleged omission from any offering statement or document for the Bonds of any material fact with respect to the Authority or the Project necessary to be stated therein in order to make the statements

made therein made by the Authority, in the light of the circumstances under which they were made, not misleading; or

(g) the Trustee's acceptance or administration of the trust of this Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party; except in the case of the foregoing indemnification of the Indemnified Parties only to the extent such damages are not caused by the negligence or willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Authority, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Authority shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Authority if in its judgment a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

The rights of any Indemnified Party to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Section 10.05 hereof shall survive the final payment or defeasance of the Bonds and in the case of the Trustee any resignation or removal. The provisions of this Section shall survive the termination of this Indenture.

Section 10.15. Cash Management Agreement. The Trustee has entered into the Cash Management Agreement (which Cash Management Agreement sets forth the Manager's rights to and the manner of any disbursement of funds by the Depository Bank or the Trustee which provisions are consistent with those set forth in this Indenture and include a provision which incorporates Section 5.21(a) hereof) in substantially the form attached as Exhibit K hereto. Notwithstanding the foregoing, in the event of any inconsistencies between such agreement and this Indenture, the provisions of this Indenture shall control. The Trustee shall not enter into new, substitute or replacement cash management and lockbox agreements inconsistent with this Indenture.

Section 10.16. Controlling Party's Right to Control Discretionary Acts of the Trustee. The Controlling Party shall have the right to direct the Trustee in writing as to the exercise of any discretionary acts permitted of the Trustee under this Indenture and any Supplemental Indenture.

ARTICLE XI

SUPPLEMENTAL INDENTURES AND AMENDMENT OF BOND DOCUMENTS

Section 11.01. Supplemental Indentures and Amendments of Bond Documents Effective Without Consent of Registered Owners. The Authority and the Trustee may, as

appropriate, from time to time and at any time, without the consent of but with prior written notice to Registered Owners enter into Supplemental Indentures or any amendments to the Bond Documents as follows:

(a) to cure any formal defect, omission, inconsistency or ambiguity in this Indenture or in the applicable Bond Document;

(b) to insert such provisions clarifying matters or questions arising under this Indenture or in the applicable Bond Document as are necessary or desirable and are not contrary to or inconsistent with this Indenture or the applicable Bond Document as theretofore in effect;

(c) to grant to or confer upon the Trustee for the benefit of the Registered Owners any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture or the Bond Documents as therefor in effect;

(d) to authorize Bonds of a Series and, in connection therewith, to specify and determine the matters and things referred to in Article III hereof and also any other matters and things relative to such Bonds which are not in conflict with this Indenture as theretofore in effect, or to amend, modify, or rescind any such authorization, specification, or determination at any time prior to the first delivery of such Bonds; provided, however, that such supplement or amendment shall be limited to the specific terms of the Additional Bonds and shall not otherwise amend this Indenture;

(e) to provide limitations and restrictions in addition to the limitations and restrictions contained in this Indenture or any Supplemental Indenture or the Bond Documents on the delivery of Bonds or the issuance of other evidences of indebtedness;

(f) to add to the covenants and agreements of the Authority in this Indenture or any Supplemental Indenture or the Bond Documents, other covenants and agreements to be observed by the Authority or the other parties thereto which are not in conflict with this Indenture or the applicable Supplemental Indentures or in the applicable Bond Document as theretofore in effect;

(g) to add to the limitations and restrictions in this Indenture or any Supplemental Indenture or the Bond Documents other limitations and restrictions to be observed by the Authority or the other parties thereto which are not in conflict with this Indenture or the applicable Supplemental Indenture or Bond Document as theretofore in effect;

(h) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture or any Supplemental Indenture, of the Trust Estate or of any other moneys, securities or funds, or to subject to the lien or pledge of this Indenture additional revenues, properties or collateral;

(i) to provide for additional duties of the Trustee in connection with the Trust Estate or the Project;

(j) to modify, amend or supplement this Indenture or any Supplemental Indenture in such manner as to permit, if presented, the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or under any state blue sky law;

(k) to surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of this Indenture, provided that the surrender of such right, power or privilege is not in conflict with the covenants and agreements of the Authority contained in this Indenture;

(l) to establish or increase the required balance to be accumulated or maintained in the Senior FF&E/CapEx Reserve Fund or the Subordinate FF&E/CapEx Reserve Fund;

(m) to designate Registrars and other Fiduciaries for the Bonds of any Series;

(n) to evidence the appointment of a succession of a new Trustee hereunder;

(o) to modify, amend or supplement this Indenture or any Supplemental Indenture in order to provide for or eliminate book-entry registration of all or any of the Bonds to the extent not inconsistent with the provisions hereof;

(p) to make any change (including changes to reflect any amendment to the Code or interpretations by the Internal Revenue Service of the Code) that does not materially adversely affect the rights of any Registered Owner; and

(q) to amend a prior Supplemental Indenture in accordance with the provisions thereof.

Section 11.02. Supplemental Indentures and Amendments to Bond Documents Requiring Registered Owner Consent. Except as provided in Section 11.01 hereof and in the immediately following sentence, any modification or amendment of this Indenture or to any Bond Document and of the rights and obligations of the Authority and of the Registered Owners of the Bonds hereunder or thereunder, in any particular, may only be made by a Supplemental Indenture or an amendment to the applicable Bond Document in each instance with the written consent of the Registered Owners of a majority in aggregate principal amount of each Tier of such Bonds (if all Bonds within such Tier are equally affected by such amendment) or each Series of such Bonds (if all Bonds within a Tier are not equally affected by such amendment) then Outstanding affected by such amendment. No such modification or amendment shall, without the written consent of the Registered Owner of each Bond affected thereby, permit (i) a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount, Accreted Value or the Redemption Price thereof or in the rate of interest thereon, or (ii) creation of a lien upon or a pledge of or payment priority from the Gross Revenues ranking prior to or on a parity with the lien or pledge created by this Indenture or (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds of the same Tier, or (iv) a reduction in the percentages or otherwise affect the classes of Bonds of which the consent of the Registered Owners is required to effect any such modification or amendment, or (v) an impairment of the exclusion from gross

income for federal income tax purposes of interest on any Bond or (vi) a deprivation to any Registered Owners of the lien created by this Indenture or (vii) a change or modification of any of the rights or obligations of any Fiduciary without its written consent thereto. For the purposes of this Section, a Series or Tier of Bonds shall be deemed to be affected by a modification or amendment of this Indenture or an amendment to the applicable Bond Document if the same materially adversely affects or diminishes the rights of the Registered Owners of Bonds of such Series or Tier. The Trustee may in its discretion determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series, Tier or maturity would be affected by any modification or amendment of this Indenture or an amendment to the applicable Bond Document and any such determination shall be binding and conclusive on the Authority and all Registered Owners.

Section 11.03. Consent of Registered Owners. The Authority and the Trustee, as applicable, may at any time enter into a Supplemental Indenture or an amendment to the applicable Bond Document making a modification or amendment permitted by the provisions of Section 11.02 hereof, to take effect when and as provided in this Section. A copy of such Supplemental Indenture or amendment to a Bond Document (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Registered Owners for their consent thereto in form satisfactory to the Trustee, shall be mailed to Registered Owners as provided in Section 11.08 hereof. Such Supplemental Indenture or amendment to such Bond Document requiring the consent of all or any of the Registered Owners will be effective when: (a) there shall have been filed with the Trustee, the written consent of such Registered Owners of the percentages of Outstanding Bonds specified in Section 11.02 hereof required to consent to such amendment, and an opinion of Bond Counsel, in form and substance satisfactory to the Trustee, stating that such Supplemental Indenture has been duly and lawfully entered into by the Authority in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture, is valid and binding upon the Authority and enforceable in accordance with its terms, is in accordance with this Indenture and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds; provided, however, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally and principles of government law and equity; and (b) a notice shall have been mailed as hereinafter in this Section provided. Each such written consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 14.01 hereof. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 14.01 hereof shall be conclusive that the consents have been given by the Registered Owners of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Registered Owner of the Bonds giving such consent and, anything in Section 14.01 hereof to the contrary notwithstanding, upon any subsequent Registered Owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Registered Owner thereof has notice thereof) unless such consent is revoked in writing by the Registered Owner of such Bonds giving such consent or a subsequent Registered Owner thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the

Registered Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture or amendment to a Bond Document, the Trustee shall make and file with the Authority a written statement that the Registered Owners of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. Upon receipt of the requisite consents, filing of the written statement of the Trustee required hereunder and the execution of such amendment by the parties thereto, notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture entered into by the Authority and the Trustee as of a stated date, a copy of which is on file with the Trustee) or other amendment to the Bond Documents has been consented to by the Registered Owners of the required percentages of Bonds and will be effective as provided in this Section, shall be given to Registered Owners by mailing such notice to Registered Owners immediately thereafter by Trustee. Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture or amendment to a Bond Document making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Registered Owners of all Bonds after the filing with the Trustee of the proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture or amendment to a Bond Document in a legal action or equitable proceeding for such purpose commenced prior to such mailing; provided, however, that any Fiduciary and the Authority prior to such mailing and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture or amendment to a Bond Document as they may deem expedient.

Section 11.04. Amendment of Particular Bonds. The provisions of this Article shall not prevent any Registered Owner from accepting any amendment as to the particular Bonds held by such Registered Owner, provided that due notation thereof is made on such Bonds.

Section 11.05. Exclusion of Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided in this Article. At the time of any consent or other action taken under this Article, the Authority shall furnish the Trustee a certificate of an Authorized Authority Representative, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 11.06. General Provisions.

(a) This Indenture and the Bond Documents shall not be modified or amended in any respect except as provided in and in accordance with and subject to provisions of this Article.

(b) Any Supplemental Indenture or amendment to a Bond Document referred to and permitted or authorized by Section 11.01 hereof may be entered into by the Authority and the Trustee, as applicable, without the consent of any of the Registered Owners, but shall become effective only (i) after the parties thereto have duly executed

such Supplemental Indenture or Bond Document, (ii) following written notice of the proposed supplement or amendment provided to the Registered Owners and (iii) if such Supplemental Indenture or amendment meets the conditions, and to the extent provided, in Section 11.01 hereof. Prior to entering into any Supplemental Indenture or amendment to a Bond Document, the Trustee shall receive an opinion of Bond Counsel, in form and substance satisfactory to the Trustee, stating that such Supplemental Indenture or amendment to a Bond Document has been duly and lawfully entered into by the Authority in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture, and is valid and binding upon the Authority, and will not be materially adverse to the interests of the Registered Owners or adversely affect the exclusion from gross income for federal income tax purposes of any interest on the Bonds.

(c) Provided the Management Agreement has not been terminated, the Manager's written consent shall be required to any Supplemental Indenture or amendment or other modification to a Bond Document which is in contravention of the rights of the Manager contained herein or in any other Bond Document, or which adversely affects or could adversely affect, modify or otherwise change any of the Manager's rights, recourses, remedies, entitlements, benefits, liabilities, burdens, obligations, or other agreements under this Indenture, the Cash Management Agreement or the Management Agreement, or otherwise.

Section 11.07. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as provided in this Article may, and, if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Trustee as to such action, and in that case upon demand of the Registered Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the designated office of the Trustee or other Fiduciary responsible for transferring Bonds or upon any transfer of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer by the Trustee or other Fiduciary responsible for transferring Bonds as to any such action. If the Trustee shall so determine, new Bonds so modified as directed by the Trustee to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Registered Owner of any Bond Outstanding shall be exchanged, without cost to such Registered Owner, for Bonds Outstanding, upon surrender of such Bonds, for Bonds of the same Series, maturity and interest rate then Outstanding.

Section 11.08. Mailing. Any provision in this Article for the mailing of a notice or other instrument to Registered Owners shall be fully complied with if it is mailed postage prepaid only to each Registered Owner of Bonds at his address, if any, appearing upon the Register and to the Trustee.

Section 11.09. Notice of Amendments Provided to S&P and Moody's. The Trustee shall provide written notice of any amendment of or supplement to this Indenture or any Bond Document to S&P and Moody's.

ARTICLE XII

PRIORITY OF BONDS AND OTHER JUNIOR LIEN OBLIGATIONS

Section 12.01. Junior Lien Obligations. The Authority reserves the right to issue for any lawful purpose directly related to the Project, bonds, notes, or other obligations secured in whole or in part by liens on the Available Revenues that are junior and subordinate to the lien on Available Revenues securing payment of the Bonds and Short Term Indebtedness and to the other provisions of this Indenture, payable from amounts on deposit in either or both of the Cash Trap Funds pursuant to Section 5.15(f) hereof. Any such subordinate obligation shall be subject to the provisions of a subordination agreement delivered by the creditors thereon to the Trustee containing the provisions substantially to the effect as set forth in Section 12.02 hereof providing that such obligations are and shall remain junior and subordinate to the Senior Bonds, the Subordinate Bonds and the Short Term Indebtedness. Notwithstanding anything herein to the contrary, the Authority reserves the right to issue or incur for any lawful purpose obligations payable from funds of the Authority which are not a part of the Trust Estate.

Section 12.02. Priority of Payment of Bonds.

(a) Payment of Debt Service on the Senior Bonds and the Subordinate Bonds and of each Series of Bonds within the Senior Bonds and the Subordinate Bonds shall be subject to (i) the priority of the deposits to be made in the applicable Debt Service Accounts in accordance with Section 5.05 and Section 5.06 hereof and (ii) the availability of amounts on deposit in a particular Fund or Account to pay such Debt Service as set forth herein.

(b) Notwithstanding any other provisions of this Indenture, as long as any Senior Bonds are Outstanding, no Event of Default shall exist or may be declared to exist with respect to the Subordinate Bonds and the Trustee shall not declare a default with respect to the Subordinate Bonds or otherwise enforce the provisions hereof relating to the Subordinate Bonds. The Registered Owners of the Subordinate Bonds, by acceptance of their Subordinate Bonds, expressly agree to and acknowledge that so long as any Senior Bonds are Outstanding, (i) no payments will be due and payable on any Subordinate Bond if the Trustee does not hold sufficient funds in the Subordinate Debt Service Account or any other account to make such payment which are rightfully available for transfer to the Subordinate Debt Service Account, (ii) no Registered Owner of a Subordinate Bond will institute against, or join any other person in instituting against, the City or the Authority any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or other proceeding under any bankruptcy or similar law, until the date on which no Senior Bonds remain Outstanding and (iii) so long as any Senior Bonds remain Outstanding, no default or Event of Default shall exist or may be declared to exist with respect to the Subordinate Bonds.

(c) Upon any distribution of all or any part of the Trust Estate to any Registered Owner:

(i) in the event of any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to the Authority, or its assets;

(ii) in the event of any liquidation, dissolution or other winding up of the Authority, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy;

(iii) in the event of any assignment for the benefit of creditors or any other marshaling of assets and liabilities of the Authority; or

(iv) in any manner inconsistent with the provisions of this Section

then in any such event payment of Debt Service on the Bonds shall be made subject to the provisions of Section 9.05 hereof. In addition, so long as any Senior Bonds are then Outstanding, all rights and votes that the Registered Owners of the Subordinate Bonds have upon the occurrence of any of the events set forth in clauses (i), (ii) or (iii) above shall be assigned to the Registered Owners of the Senior Bonds.

(d) If any payments are received by any of the Registered Owners on account of its Bonds contrary to the provisions hereof, such payments shall be held in trust by such Registered Owners for the Trustee's benefit and shall be delivered to the Trustee in kind, to be applied to, or held as collateral for, the payment of the Bonds then entitled to be paid from such amounts.

Section 12.03. Loans. The Authority may accept loans from any Person for the sole purpose of curing an insufficiency in the amount then required to be deposited in the Funds and Accounts pursuant to paragraphs *First* through *Eighth* of Section 5.05(a) hereof upon such terms as the Authority deems reasonable; provided, however, that repayment of any such loans shall be made solely from amounts available therefor pursuant to clause *Eleventh* of Section 5.05(a) hereof.

ARTICLE XIII

[RESERVED]

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Evidence of Signatures of Registered Owners and Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Registered Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Registered Owners in person or by their attorneys appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall

be sufficient for any purpose of this Indenture (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(i) The fact and date of the execution by any Registered Owner or his attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or member of a national securities exchange or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(ii) The amount of Bonds transferable by delivery held by any Person executing any instrument as a Registered Owner, the date of his holding such Bonds, and the numbers and other identification thereof, may be proved by a certificate, which need not be acknowledged or verified, in form satisfactory to the Trustee, executed by the Trustee or by a member of a financial firm or by an officer of a bank, trust company, insurance company or financial corporation or other depository wherever situated, showing at the date mentioned that such person exhibited to such member or officer or had on deposit with such depository the Bonds described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depository with respect to Bonds owned by it, if acceptable to the Trustee. In addition to the foregoing provisions, the Trustee may from time to time make such reasonable regulations as it may deem advisable permitting other proof of holding of Bonds transferable by delivery.

(b) The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be provided by the Registrar.

(c) Any request or consent by the Registered Owner of any Bond shall bind all future Registered Owners of such Bond in respect of anything done or suffered to be done by the Authority or any Fiduciary in accordance herewith.

(d) In determining whether the Registered Owners of the requisite percentage of the Series or Tier of Bonds have been met for any request, consent, approval or other action required hereunder from such Registered Owners, such requisite percentage shall be based upon the principal amount of all of the Bonds of such Series or Tier then Outstanding, excluding any Bonds then registered in the name of the Authority and the City.

Section 14.02. Money Held for Particular Bonds. Subject to the provisions of Section 14.05 hereof, the amounts held by the Trustee for the payment of the interest or principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Registered Owners of the Bonds entitled thereto.

Section 14.03. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon reasonable notice to the inspection of the Authority, and any Registered Owner and their agents and their representatives, any of whom may make copies thereof at the expense of the party so requesting.

Section 14.04. Access to Records. The registration records and other books and records of the Trustee relating to the Bonds shall be made available to the City, the Authority, the Registered Owners of at least 10% of the Bonds of a Series then Outstanding (but solely at its expense and in no event more often than once each Operating Year or upon the occurrence of an Event of Default) or their agents designated in writing to the Trustee during regular business hours upon written request, for purposes of inspection and copying at their expense.

Section 14.05. Failure to Present Bonds. Anything in this Indenture to the contrary notwithstanding, but subject to any applicable escheat or unclaimed property laws of the State, any money held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for such period of time, after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, that the Registered Owner thereof shall no longer be able to enforce the payment thereof, the Fiduciary shall at the written request of the Authority received at least 10 days prior to the expiration and/or running of any applicable escheat or unclaimed property laws, pay such money to the Authority as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Registered Owners shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Fiduciary shall, at the written direction and expense of the Authority, cause to be mailed to the Registered Owners of the Bonds entitled to such money, a notice that such money remains unclaimed and that, after a date named in said notice at the Authority's written direction, which date shall be not less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the Authority.

Section 14.06. Filing of Security Instruments. The Trustee and the Authority hereby covenant that they will cause to be filed all documents, security instruments and financing statements as they may reasonably deem necessary to protect and maintain in force the lien and pledge of, and the security interests created by, this Indenture and the Deed of Trust. Without limitation, the Trustee and the Authority shall execute and file with the City and County of Denver, Colorado, and with the Secretary of State of Colorado financing statements meeting the requirements of the Uniform Commercial Code of Colorado with respect to the Available Revenues, the Lockbox Fund, and the other Funds, Accounts, properties and interests therein comprising the Trust Estate. The Trustee and the Authority shall execute and file with the clerk of the Secretary of State and the aforesaid County Clerk's office such financing or continuation

statements or other documents as in the opinion of counsel to the Authority may be necessary to maintain the perfection of the lien hereof. Within 10 days after any filing required by this Section (other than in connection with the issuance of the Series 2016 Bonds issued hereunder), the Authority shall deliver to the Trustee an opinion of counsel to the Authority stating that such filing has been accomplished and setting forth the particulars thereof. Not more than six months nor less than three months prior to each fifth anniversary of the date of delivery of the Series 2016 Bonds hereunder (or such other date on which financing statements will expire), the Authority shall deliver to the Trustee an opinion of such counsel, addressed to the Trustee, stating that no recording or filing (including any re-filing) of any instrument is necessary during the five-year period immediately succeeding such fifth anniversary date or expiration date in order to comply with this Section or, if such recording or filing is necessary, setting forth the requirements to be met and promptly thereafter shall deliver to the Trustee an opinion of such counsel showing that they have been met. If the Authority fails to deliver such opinion of counsel within such period, the Trustee shall notify the Registered Owners and shall file such continuation statements and such other instruments as are required in order to protect and maintain in force the lien and pledge of, and the security interest created by, this Indenture and the Bond Documents.

Section 14.07. Parties Interested Herein. Nothing in this Indenture or any Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Authority, the Trustee and the Registered Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any Supplemental Indenture or any covenant, condition or stipulation hereof or thereof; and all the covenants, stipulations, promises and agreements in this Indenture and each Supplemental Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, and the Registered Owners of the Bonds thereunto appertaining.

Section 14.08. No Recourse on the Bonds. No recourse shall be had for the payment of the principal, Accreted Value or Redemption Price of or interest on the Bonds or for any claim based thereon or for any other obligation under this Indenture or on any Supplemental Indenture against any officer or employee of the Authority or the Trustee or any person executing or authenticating the Bonds.

Section 14.09. No Individual Liability. NOTWITHSTANDING ANY OTHER PROVISIONS OF OR INFERENCES IN THIS INDENTURE OR ANY OTHER TRANSACTION DOCUMENT, NO COVENANT OR AGREEMENT CONTAINED IN THE BONDS, THIS INDENTURE OR ANY SUPPLEMENTAL INDENTURE OR ANY OTHER TRANSACTION DOCUMENT SHALL BE DEEMED TO BE THE COVENANT OR AGREEMENT OF ANY MEMBER OF THE BOARD OR ANY OFFICER, AGENT, EMPLOYEE OR REPRESENTATIVE OF THE AUTHORITY OR THE TRUSTEE, AND NEITHER THE OFFICERS, AGENTS, EMPLOYEES OR REPRESENTATIVES OF THE AUTHORITY OR THE TRUSTEE NOR ANY PERSON EXECUTING OR AUTHENTICATING THE BONDS SHALL BE PERSONALLY LIABLE THEREON OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF, WHETHER BY VIRTUE OF ANY CONSTITUTIONAL OR HOME RULE CHARTER PROVISION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY, OR OTHERWISE, ALL SUCH LIABILITY BEING EXPRESSLY RELEASED AND WAIVED AS A CONDITION OF AND

IN CONSIDERATION FOR THE EXECUTION OF THIS INDENTURE, ANY SUPPLEMENTAL INDENTURE AND THE ISSUANCE OF THE BONDS.

Section 14.10. Indenture and Supplemental Indentures to Constitute Contracts. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Indenture and each Supplemental Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Registered Owners of the Bonds; and the pledge made in this Indenture and the covenants and agreements herein and therein set forth to be performed by or on behalf of the Authority shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank within preference, priority or distinction of any of the Bonds over any other thereof, except as otherwise provided in or permitted by this Indenture or Supplemental Indenture.

Section 14.11. Notice. Any notice, demand, direction, request, or other instrument authorized or required by this Indenture to be given to or filed with the Authority, the Trustee, the City or the Manager shall be deemed to have been given only upon receipt. Any notice shall be sent by registered or certified mail or by overnight delivery, postage prepaid, to the address specified below or, to such other address as may be designated in writing by the parties:

Authority: Denver Convention Center Hotel Authority
c/o Trammell Crow Company
1225 17th Street, Suite 3175
Denver, CO 80202
Attention: William Mosher

With a copy to

Stephen H. Kaplan, Esq.
Kaplan Kirsch & Rockwell LLP
1675 Broadway, Suite 2300
Denver, Colorado 80202

Trustee: The Bank of New York Mellon Trust Company, N.A.
Corporate Trust Services
[1125 17th Street, 4th Floor
Denver, Colorado 80202]

City: City and County of Denver, Colorado
Chief Financial Officer
144 West Colfax Avenue, Suite 300
Denver, Colorado 80202
With electronic notice to: debtmanagement@ci.denver.co.us

Manager: Hyatt Corporation
200 West Madison
Chicago, Illinois 60606
Attention: General Counsel

With a copy to: General Manager
At the address of the Hotel

Section 14.12. Governing Law. This Indenture and each Supplemental Indenture shall be governed in all respects, including validity, interpretation and effect, by, and shall be enforceable in accordance with, the laws of the State without regard to conflict of laws provisions.

Section 14.13. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Indenture or any Supplemental Indenture on the part of the Authority or the Trustee to be performed shall be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Indenture or any Supplemental Indenture.

Section 14.14. Successors. Whenever in this Indenture or any Supplemental Indenture the Authority or the Trustee is named or referred to, it shall be deemed to include any entity succeeding to the principal functions and powers of the Authority or the Trustee, as appropriate, and all the covenants and agreements in this Indenture and each Supplemental Indenture by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of said successor whether so expressed or not.

Section 14.15. Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Indenture, and no interest shall accrue for the period after such nominal date.

Section 14.16. Execution in Several Counterparts. This Indenture may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 14.17. Balances in Certain Funds and Accounts. All amounts remaining on deposit in the Funds and Accounts after the principal, Accreted Value or Redemption Price of and interest due or to become due on all Bonds has been paid or deemed to have been paid pursuant to Article VIII hereof shall be delivered to or upon the direction of the Authority.

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Indenture to be executed and sealed on their behalf by their duly authorized representatives, all as of the day and year first written above.

DENVER CONVENTION CENTER HOTEL
AUTHORITY, a Colorado nonprofit
corporation

By _____
President

By _____
Assistant Secretary

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., a national banking
association

By _____
Vice President

EXHIBIT A**MASTER GLOSSARY OF TERMS**

[SEE ITEM #1 IN THE TRANSCRIPT]

EXHIBIT B-1**FORM OF SERIES 2016 BOND**

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (THE "SECURITIES DEPOSITORY"), TO THE AUTHORITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, SO LONG AS THIS GLOBAL BOND IS HELD BY A SECURITIES DEPOSITORY OR ITS NOMINEE, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

REGISTERED**REGISTERED****No. R - _____****\$ _____**

Denver Convention Center Hotel Authority
Convention Center Hotel Senior Revenue Refunding Bonds
Series 2016

Interest Rate	Maturity Date	Dated Date	CUSIP
_____%	December 1, ____	November __, 2016	

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: ** _____ DOLLARS**

Denver Convention Center Hotel Authority (the "Authority"), for value received, hereby promises to pay upon surrender hereof at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), solely from the sources and as herein and in the Indenture provided and permitted, to the Registered Owner hereof, or the registered assigns or legal representatives, the principal sum stated above on the maturity date stated above,

subject to prior redemption as herein provided, and to pay, solely from such sources, interest hereon semiannually on each June 1 and December 1 (each, an "Interest Payment Date"), beginning June 1, 2017, at the Interest Rate stated above. Interest is payable from (a) the Dated Date set forth above, if this Series 2016 Bond is authenticated prior to June 1, 2017, or (b) otherwise from the June 1 or December 1, that is, or immediately precedes, the date on which this Series 2016 Bond is authenticated (unless payment of interest hereon is in default, in which case this Series 2016 ABond shall bear interest from the date to which interest has been paid). Interest is payable on each Interest Payment Date (i) by check or draft mailed on such date to the Registered Owner hereof at such Registered Owner's address as it appears on the Register, as defined in the Indenture, as hereafter defined, as of the close of business on the fifteenth day of the calendar month (whether or not a Business Day) preceding such Interest Payment Date (the "Record Date"), or (ii) by wire transfer in accordance with a written notice and completed wire instructions for a wire transfer address in the United States provided by the Registered Owner hereof to the Trustee not less than 15 days prior to such Interest Payment Date (which notice may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless and until changed or revoked by subsequent notice); provided that such wire transfer shall only be made for a registered owner of \$1,000,000 or more in aggregate principal amount of the Series 2016 Bonds as of the close of business on the Record Date for such Interest Payment Date. Notwithstanding the foregoing, the Record Date for defaulted interest shall be the fifth day preceding payment thereof. This Series 2016 Bond shall be payable as to principal and Redemption Price, as defined in the Indenture, and interest in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This bond is one of an issue of \$_____ Denver Convention Center Hotel Authority, Convention Center Hotel Senior Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bonds"), being issued to refinance Costs of the Project, as defined in the Indenture, by refunding and defeasing in full all of the Authority's outstanding Convention Center Hotel Senior Revenue Refunding Bonds, Series 2006, to fund a debt service reserve fund, and to pay Costs of Issuance, as defined in the Indenture.

The Series 2016 Bonds and the premium, if any, and the interest thereon are limited obligations of the Authority and are payable solely from the Trust Estate, as defined in the Indenture, including the Available Revenues, as defined in the Indenture, all in accordance with the Indenture. Upon deposit of Available Revenues with the Trustee pursuant to the Indenture, such Available Revenues are pledged to the payment of the Series 2016 Bonds to the extent and as provided in the Indenture.

THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR AS PROVIDED IN THE INDENTURE. THE OBLIGATIONS OF THE AUTHORITY TO THE REGISTERED OWNERS OF THE BONDS ARE LIMITED SOLELY TO THE TRUST ESTATE AS DESCRIBED IN THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER.

THE SERIES 2016 BONDS SHALL NEVER CONSTITUTE A DEBT, INDEBTEDNESS OR MULTIPLE-FISCAL YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION WHATSOEVER OF THE CITY AND COUNTY OF

DENVER WITHIN THE MEANING OF ANY PROVISION OR LIMITATION OF THE COLORADO CONSTITUTION OR STATUTES OR THE HOME RULE CHARTER OR ORDINANCES OF THE CITY AND COUNTY OF DENVER AND SHALL NOT CONSTITUTE OR GIVE RISE TO ANY PECUNIARY OBLIGATION OF THE CITY AND COUNTY OF DENVER OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS.

The Series 2016 Bonds are issued under an Amended and Restated Indenture of Trust, dated as of November 1, 2016 (the "Indenture"), between the Authority and the Trustee. Reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Authority, the rights of the Registered Owners, as defined in the Indenture, of the Series 2016 Bonds and the terms upon which the Series 2016 Bonds are issued and secured. The Series 2016 Bonds, and all Additional Bonds ranking on a parity with the Series 2016 Bonds, are collectively referred to as the "Senior Bonds."

The Series 2016 Bonds may not be called for redemption except as provided herein and in the Indenture.

The Series 2016 Bonds maturing on or before December 1, 20__, are not subject to optional redemption prior to maturity. The Series 2016 Bonds maturing on or after December 1, 20__ are subject to redemption at the option of the Authority, in whole or in part on any date, on or after December 1, 20__, from any legally available funds, at a Redemption Price equal to the principal amount thereof without premium, plus accrued interest with respect thereto to the date fixed for redemption.

The Series 2016 Bonds with a stated Maturity Date of December 1, 20[35] are subject to mandatory redemption on December 1, 20__ and each December 1, thereafter, to and including December 1, 20[35], in accordance with the terms of a Sinking Fund Installments schedule set forth in the Indenture, except that the Sinking Fund Installments of Series 2016 Bonds with a stated Maturity Date of December 1, 20[35] shall be reduced in the manner determined by the Authority by the principal amount of any Series 2016 Bonds with a stated Maturity Date of December 1, 20[35] redeemed pursuant to any other optional or mandatory redemption or purchase provision on or before the date on which any such Sinking Fund Installment is due.

The Series 2016 Bonds shall be subject to extraordinary mandatory redemption at the direction of the Authority, in whole or in part on the earliest date following the date for which notice of redemption can be given as provided in the Indenture, at a price equal to the principal amount of Series 2016 Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium, from proceeds of insurance (including any title insurance) or condemnation awards permitted or required to be applied to such redemption under the Indenture.

Series 2016 Bonds subject to optional redemption shall be selected in such order of maturity and interest rate as the Authority may direct. If less than all of the Series 2016 Bonds of a single maturity and interest rate shall be called for prior redemption, the particular Series 2016 Bonds or portions of Series 2016 Bonds to be redeemed shall be selected by lot or other random

method by the Trustee in such a manner as the Trustee may determine. In case of any partial redemption during the continuance of an Event of Default, such redemption shall be applied on a pro rata basis to all Outstanding Series 2016 Bonds called for redemption, without differentiation by maturity or within a maturity. If any of the Series 2016 Bonds or portions thereof are called for redemption, the Trustee shall give notice, in the name of the Authority, of the redemption of such Series 2016 Bonds or portions thereof, by first class mail postage prepaid, not less than 30 days nor more than 60 days before the Redemption Date, to the registered owners of any Series 2016 Bond or portions of Series 2016 Bonds which are to be redeemed, at their last addresses, if any, appearing on the Register. If, on the Redemption Date, moneys for the redemption of all the Series 2016 Bonds or portions thereof of any like maturity and interest rate to be redeemed, together with interest to the Redemption Date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as provided in the Indenture, then, from and after the Redemption Date interest on the Series 2016 Bonds or portions thereof of such maturity and interest rate so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the Redemption Date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

No registered owner of any Series 2016 Bond shall have any right to institute any suit, action or proceedings at law or in equity for the appointment of a receiver or for any other remedy under the Indenture or by reason thereof, except to the extent and in the circumstances permitted by the Indenture.

The Series 2016 Bonds are issuable as registered bonds in denominations of \$5,000 or any integral multiple thereof. Upon surrender for transfer or exchange of a Series 2016 Bond at the principal operations center of the Registrar, together with a written instrument of transfer or written request for exchange, as the case may be, satisfactory to the Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized attorney, the Authority shall execute and the Trustee shall authenticate and deliver Series 2016 Bonds in accordance with the provisions of, and subject to the limitations and conditions contained in, the Indenture, a new Series 2016 Bond or Series 2016 Bonds of the same aggregate principal amount, maturity and interest rate as the surrendered Series 2016 Bond. For every such transfer of Series 2016 Bonds pursuant to the Indenture, whether temporary or definitive, the Authority, the Trustee, and the Registrar may make a charge sufficient to reimburse it or them for any expense, tax, fee or other governmental charge required to be paid with respect to such transfer. In addition for every exchange of Series 2016 Bonds (other than the exchange of temporary Series 2016 Bonds for definitive Series 2016 Bonds), the Authority, the Trustee, and the Registrar may make reasonable charges to cover the costs of Series 2016 Bonds including any Trustee's or Registrar's charges in connection therewith. The payment of such sum or sums shall be made by the Registered Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Registrar shall not be required to transfer or exchange Series 2016 Bonds for a period of 15 days next preceding the selection of Series 2016 Bonds for redemption or to transfer or exchange any Series 2016 Bonds called for redemption.

The Authority and the Trustee may deem and treat the person in whose name this bond shall be registered in the Register as the absolute owner of this bond, whether this bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and

Redemption Price of and interest on this bond and for all other purposes, and all such payments so made to any such Registered Owner or upon the Registered Owner's order shall be valid and effectual to satisfy and discharge the liability upon this bond to the extent of the sum or sums so paid, and the Authority and the Trustee shall not be affected by any notice to the contrary. Notwithstanding the foregoing, interest on this bond, other than interest payable at maturity or on a Redemption Date, shall be paid to the Person, as defined in the Indenture, in whose name this bond is registered on the Register at the close of business on the Record Date for such Interest Payment Date.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this bond have happened, exist and have been performed.

This bond shall not be valid or entitled to any security or benefit under the Indenture until the Trustee shall have executed the Certificate of Authentication appearing hereon and inserted the date of authentication hereon.

IN WITNESS WHEREOF, the Authority has caused this bond to be signed by its President by his manual or facsimile signature and its corporate seal to be impressed thereon and attested to by the manual or facsimile signature of its Secretary.

DENVER CONVENTION CENTER HOTEL
AUTHORITY

By _____
President

[SEAL]

Attest:

By _____
Secretary

(Form of Certificate of Authentication)

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the Series 2016 Bonds of the issue described in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By _____
Authorized Officer

[STATEMENT OF INSURANCE]

[ONLY IF INSURED]

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

(Please print or typewriter Name and Address
including postal zip code of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OR TRANSFEREE

the within Bond and all rights thereunder, hereby irrevocably constituting and appointing _____, Attorney, to transfer said Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union, or Savings Association who is a member of a medallion program approved by The Securities Transfer Association, Inc.

C-69

EXHIBIT C

[RESERVED]

EXHIBIT D

FORM OF OPERATING RESERVE FUND REQUEST

OPERATING RESERVE FUND
REQUEST NO. ____

This request is being delivered to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") under the Amended and Restated Indenture of Trust, dated as of November 1, 2016 (the "Indenture"), between the Denver Convention Center Hotel Authority (the "Authority") and the Trustee pursuant to Section 8(d) of that certain Cash Management and Lockbox Agreement, dated as of November 18, 2005 ("Cash Management Agreement"), among Colorado Business Bank, the Trustee, the Authority and Hyatt Corporation (the "Manager"). The Trustee is hereby directed to take the action described herein. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture or the Cash Management Agreement.

Pursuant to Section 8(d) of the Cash Management Agreement and Section 5.11 of the Indenture, you are hereby authorized and directed to disburse from the Operating Reserve Fund, the amounts set forth in Schedule A attached hereto to the persons named therein in payment of expenditures permitted to be paid from the Operating Reserve Fund pursuant to Section 8(d) of the Cash Management Agreement and Section 5.11 of the Indenture. The total amount to be disbursed pursuant to this request is \$_____.

The Manager hereby certifies that (1) the statements made herein are accurate, (2) each such amount constitutes a proper charge against the Operating Reserve Fund, (3) no part of any such amounts shall be applied to any item which has been previously paid from the Operating Reserve Fund or any other Fund or Account, (4) all conditions precedent to such disbursements have been complied with and satisfied and (5) all consents, if any, required in connection with the submission hereof, have been obtained and are attached hereto. The Manager further certifies that no Event of Default (as defined in the Management Agreement) by the Manager has occurred and is continuing nor has the Management Agreement been terminated.

Dated: _____, ____

HYATT CORPORATION, as Manager

By _____
Name: _____
Title: _____

EXHIBIT E**FORM OF FF&E REQUEST**

FF&E REQUEST NO. ____

This request is being delivered to The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) under the Amended and Restated Indenture of Trust, dated as of November 1, 2016 (the “Indenture”) between the Denver Convention Center Hotel Authority (the “Authority”) and the Trustee pursuant to Section 8(b) of that certain Cash Management and Lockbox Agreement, dated as of November 18, 2005 (the “Cash Management Agreement”), among Colorado Business Bank, the Trustee, the Authority and Hyatt Corporation (the “Manager”). The Trustee is hereby directed to take the action described herein. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture or the Cash Management Agreement.

Pursuant to Section 8(b) of the Cash Management Agreement and Section 5.12 of the Indenture, you are hereby authorized and directed to disburse, *first*, from the Senior FF&E/CapEx Reserve Fund and, *second*, from the Subordinate FF&E/CapEx Reserve Fund the amounts set forth in Schedule A attached hereto to the persons named therein in payment of Hotel expenditures permitted to be paid from the Senior FF&E/CapEx Reserve Fund under Section 8(b) of the Cash Management Agreement and Sections 5.12 and 5.14 of the Indenture. The total amount to be disbursed pursuant to this Request is \$ ____.

The Manager hereby certifies that (1) the statements made herein are accurate, (2) each such amount constitutes a proper charge against the Senior FF&E/CapEx Reserve Fund and the Subordinate FF&E/CapEx Reserve Fund, (3) no part of any such amounts shall be applied to any item which has been previously paid from the Senior FF&E/CapEx Reserve Fund, the Subordinate FF&E/CapEx Reserve Fund or any other Fund or Account, (4) all conditions precedent to such disbursements have been complied with and satisfied and (5) all consents, if any, required in connection with the submission hereof, have been obtained and are attached hereto. The Manager further certifies that no Event of Default (as defined in the Management Agreement) by the Manager has occurred and is continuing nor has the Management Agreement been terminated.

Dated: _____, ____

HYATT CORPORATION

By _____
 Name: _____
 Title: _____

EXHIBIT F**FORM CAPITAL EXPENDITURE REQUEST**CAPITAL EXPENDITURE FUND
REQUEST NO. ____

This request is being delivered to The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) under the Amended and Restated Indenture of Trust, dated as of November 1, 2016 (the “Indenture”) between the Denver Convention Center Hotel Authority (the “Authority”) and the Trustee pursuant to Section 8(c) of that certain Cash Management and Lockbox Agreement, dated as of November 18, 2005 (the “Cash Management Agreement”), among Colorado Business Bank, the Trustee, the Authority and Hyatt Corporation (the “Manager”). The Trustee is hereby directed to take the action described herein. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture or the Cash Management Agreement.

Pursuant to Section 8(c) of the Cash Management Agreement and Sections 5.12 and 5.14 of the Indenture, you are hereby authorized and directed to disburse, *first*, from the Senior FF&E/CapEx Reserve Fund and, *second*, from the Subordinate FF&E/CapEx Reserve Fund the amounts set forth in Schedule A attached hereto to the persons named therein in payment of Hotel expenditures permitted to be paid from the Senior FF&E/CapEx Reserve Fund under Section 8(c) of the Cash Management Agreement and Sections 5.12 and 5.14 of the Indenture. The total amount to be disbursed pursuant to this Request is \$ ____.

The Manager hereby certifies that (1) the statements made herein are accurate, (2) each such amount constitutes a proper charge against the Senior FF&E/CapEx Reserve Fund and the Subordinate FF&E/CapEx Reserve Fund, (3) no part of any such amounts shall be applied to any item which has been previously paid from the Senior FF&E/CapEx Reserve Fund, the Subordinate FF&E/CapEx Reserve Fund or any other Fund or Account, (4) all conditions precedent to such disbursements have been complied with and satisfied and (5) all consents, if any, required in connection with the submission hereof, have been obtained and are attached hereto. The Manager further certifies that no Event of Default (as defined in the Management Agreement) by the Manager has occurred and is continuing nor has the Management Agreement been terminated.

Dated: _____, ____

HYATT CORPORATION

By _____
 Name: _____
 Title: _____

EXHIBIT G**FORM OF TAXES AND INSURANCE FUND REQUEST**

TAXES AND INSURANCE FUND
REQUEST NO. ____

This request is being delivered to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") under the Amended and Restated Indenture of Trust, dated as of November 1, 2016 (the "Indenture") between the Denver Convention Center Hotel Authority (the "Authority") and the Trustee pursuant to Section 8(a) of that certain Cash Management and Lockbox Agreement, dated as of November 18, 2005 (the "Cash Management Agreement"), among Colorado Business Bank, the Trustee, the Authority and Hyatt Corporation (the "Manager"). The Trustee is hereby directed to take the action described herein. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture or the Cash Management Agreement.

Pursuant to Section 8(a) of the Cash Management Agreement and Section 5.19 of the Indenture, you are hereby authorized and directed to disburse from the Taxes and Insurance Fund the amounts set forth in Schedule A attached hereto to the persons named therein in payment of Taxes, insurance premiums and any costs incurred by the Authority in challenging the imposition of any Taxes due and payable with respect to the ownership and operation of the Hotel. The total amount to be disbursed pursuant to this request is \$ ____.

The Manager/ Authority hereby certifies that (1) the statements made herein are accurate, (2) each such amount constitutes a proper charge against the Taxes and Insurance Fund, (3) no part of any such amounts shall be applied to any item which has been previously paid from the Taxes and Insurance Fund or any other Fund or Account, (4) all conditions precedent to such disbursements have been complied with and satisfied and (5) all consents, if any, required in connection with the submission hereof, have been obtained and are attached hereto. The Manager further certifies that no Event of Default (as defined in the Management Agreement) by the Manager has occurred and is continuing nor has the Management Agreement been terminated.

Dated: _____, ____

HYATT CORPORATION

By _____
Name: _____
Title: _____

or

DENVER CONVENTION CENTER HOTEL
AUTHORITY

By _____
Name: _____
Title: _____

EXHIBIT H**FORM OF PRIMARY/SECONDARY CASH TRAP FUND REQUEST**

PRIMARY/SECONDARY CASH TRAP FUND
REQUEST NO. ____

This request is being delivered to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") under the Amended and Restated Indenture of Trust, dated as of November 1, 2016 (the "Indenture"), between the Denver Convention Center Hotel Authority (the "Authority") and the Trustee pursuant to Section 8(e) of that certain Cash Management and Lockbox Agreement, dated as of November 18, 2005 (the "Cash Management Agreement"), among Colorado Business Bank, the Trustee, the Authority and Hyatt Corporation (the "Manager"). The Trustee is hereby directed to take the action described herein. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture or the Cash Management Agreement.

Pursuant to Section 8(e) of the Cash Management Agreement and Section 5.15/5.10 of the Indenture, you are hereby authorized and directed to disburse from the Primary/Secondary Cash Trap Fund, the amounts set forth in Schedule A attached hereto to the persons named therein in payment of expenditures permitted to be paid from the Primary/Secondary Cash Trap Fund pursuant to Section 8(e) of the Cash Management Agreement and Section 5.15/5.10 of the Indenture. The total amount to be disbursed pursuant to this request is \$ ____.

The Manager/Authority, as appropriate, hereby certifies that (1) the statements made herein are accurate, (2) each such amount constitutes a proper charge against the Primary Cash Trap Fund, (3) no part of any such amounts shall be applied to any item which has been previously paid from the Primary/Secondary Cash Trap Fund or any other Fund or Account, (4) all conditions precedent to such disbursements have been complied with and satisfied and (5) all consents, if any, required in connection with the submission hereof, have been obtained and are attached hereto. The Manager further certifies that no Event of Default (as defined in the Management Agreement) by the Manager has occurred and is continuing nor has the Management Agreement been terminated.

Dated: _____, __, ____

HYATT CORPORATION

By _____
Name: _____
Title: _____

or

DENVER CONVENTION CENTER HOTEL
AUTHORITY

By _____
Name: _____
Title: _____

EXHIBIT I

FORM OF EXCESS REVENUE FUND REQUEST

EXCESS REVENUE FUND
REQUEST NO. ____

This request is being delivered to The Bank of New York Mellon Trust Company, N.A. as trustee (the "Trustee") under the Amended and Restated Indenture of Trust, dated as of November 1, 2016 (the "Indenture"), between the Denver Convention Center Hotel Authority (the "Authority") and the Trustee. The Trustee is hereby directed to take the action described herein. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture.

Pursuant to Section 5.20 of the Indenture, you are hereby authorized and directed to disburse from the Excess Revenue Fund, the amounts set forth in Schedule A attached hereto to the persons named therein from the Excess Revenue Fund. The total amount to be disbursed pursuant to this request is \$_____.

Dated: _____, __, ____

DENVER CONVENTION CENTER HOTEL
AUTHORITY

By _____
Name: _____
Title: _____

EXHIBIT J**FORM OF AUTHORITY FUND REQUEST**

AUTHORITY FUND
REQUEST NO. ____

This request is being delivered to The Bank of New York Mellon Trust Company, N.A. as trustee (the "Trustee") under the Amended and Restated Indenture of Trust, dated as of November 1, 2016 (the "Indenture"), between the Denver Convention Center Hotel Authority (the "Authority") and the Trustee. The Trustee is hereby directed to take the action described herein. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture.

Pursuant to Section 5.23 of the Indenture, you are hereby authorized and directed to disburse from the Authority Fund, the amounts set forth in Schedule A attached hereto to the persons named therein from the Authority Fund. The total amount to be disbursed pursuant to this request is \$_____.

The Authority hereby certifies that (1) the statements made herein are accurate, (2) each such amount constitutes a proper charge against the Authority Fund, (3) no part of any such amounts shall be applied to any item which has been previously paid from the Authority Fund or any other Fund or Account, (4) all conditions precedent to such disbursements have been complied with and satisfied and (5) all consents, if any, required in connection with the submission hereof, have been obtained and are attached hereto.

Dated: _____, ____

DENVER CONVENTION CENTER HOTEL
AUTHORITY

By _____
Name: _____
Title: _____

EXHIBIT K**FORM OF CASH MANAGEMENT AND LOCKBOX AGREEMENT**

APPENDIX D

**CONFORMED COPY OF
ECONOMIC DEVELOPMENT AGREEMENT, AS AMENDED**

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Conformed Copy of Economic Development Agreement, as Amended

THIS DENVER CONVENTION CENTER HOTEL ECONOMIC DEVELOPMENT AGREEMENT, dated as of June 1, 2003 (together with any amendments hereto made in accordance herewith, this "Economic Development Agreement"), is entered into by and between the **DENVER CONVENTION CENTER HOTEL AUTHORITY**, a nonprofit corporation duly organized, existing and in good standing under the laws of the State of Colorado (the "Authority"), and the **CITY AND COUNTY OF DENVER, COLORADO**, a home rule city and a political subdivision created by the Constitution of the State of Colorado (the "City");

WITNESSETH:

WHEREAS, at a special municipal election conducted on November 2, 1999, the voters of the City approved the issuance of \$261,500,000 of revenue bonds to finance the expansion of the Colorado Convention Center (the "Convention Center"); and

WHEREAS, on February 1, 2001 and March 13, 2001, the City issued a total of \$261,500,000 in principal amount of revenue bonds and began the construction of the expansion of the Convention Center; and

WHEREAS, the expansion of the Convention Center is scheduled to be completed in December of 2004; and

WHEREAS, the approval of the expansion of the Convention Center was based, in part, on the assumption that the successful operation of the Convention Center requires the construction of a headquarters hotel adjacent to the Convention Center; and

WHEREAS, in addition to maximizing the public use of the Convention Center, a convention center headquarters hotel will fulfill the legitimate public and municipal purposes of improving the coordination of event booking at the Convention Center with available lodging facilities to serve such events, enhancing employment in the City, improving property values in the area surrounding the Convention Center, increasing tax revenues, and providing other economic benefits to the City by making the City a more attractive destination for conventions, trade shows, meetings and other events; and

WHEREAS, the Authority was established for the limited purpose of owning, acquiring, constructing, equipping, operating and financing a Convention Center headquarters hotel (the "Hotel") in order to fulfill public and municipal purposes on behalf of the City and its residents and lessen the burden of government of the City; and

WHEREAS, to finance the acquisition, construction, equipping and operation of the Hotel, the Authority will issue its Convention Center Hotel Senior Revenue Bonds, Series 2003A (the "Series 2003A Bonds") and its Convention Center Hotel Subordinate Revenue Bonds, Series 2003B (collectively, the "Series 2003 Bonds") pursuant to the terms and provisions of an Indenture of Trust (the "Indenture"), between the Authority and corporate trustee selected by the

Authority, as trustee (together with any successors thereto, the "Trustee"), relating to the Series 2003 Bonds; and

WHEREAS, in connection with the operation of the Hotel, the Authority has agreed to execute and deliver a Room Block Agreement (the "Room Block Agreement"), between the Authority and the initial operator of the Hotel, containing the material terms set forth in this Economic Development Agreement and providing the Convention Center's staff with the ability to reserve blocks of rooms for patrons of the Convention Center; and

WHEREAS, the articles of incorporation for the Authority provide that any cash, cash equivalents and investment property of the Authority not required for the Authority's purposes or to satisfy the Authority's contractual obligations and other liabilities (the "Excess Revenue") shall be distributed to the City at least annually; and

WHEREAS, since it is the intention of the City and the Authority that the Hotel be exempt from property taxes, the Authority has agreed to make certain payments in lieu of taxes (the "Payments in Lieu of Taxes") to the City during the term of this Economic Development Agreement; and

WHEREAS, in order to assure the continuation of the economic benefits to be received by the City in connection with the Hotel, the City desires to have an option to purchase the Hotel from the Authority; and

WHEREAS, the Authority has agreed to grant the City an option to purchase the Hotel by paying a purchase price (the "Purchase Option Price") that is sufficient to pay, defease or provide for the payment of all of the Authority's obligations with respect to the Hotel or by assuming such obligations in accordance with the documents governing such obligations; and

WHEREAS, the Authority, as a nonprofit corporation that is separate and distinct from the City, is not governed by the provisions of the City's home rule charter and ordinances; and

WHEREAS, the City desires that contracts entered into by the Authority in connection with the acquisition, construction, equipping and operation of the Hotel contain certain provisions which are similar to those imposed by the City on its independent contractors pursuant to the City's home rule charter and ordinances; and

WHEREAS, the City desires to have the right to approve any future operator of the Hotel; and

WHEREAS, the ownership, acquisition, construction, equipping, operation and financing of the Hotel by the Authority will result in other economic benefits to the City, including, but not limited to, improved coordination of event booking at the Convention Center, additional revenues expected to be generated by the Hotel and distributed to the City, additional tax revenues to be generated by the Hotel and surrounding businesses and additional employment opportunities within the City, as well as the general increase in economic activity related to the construction and operation of the Hotel; and

WHEREAS, in consideration of the ownership, acquisition, construction, equipping and operation of the Hotel by the Authority in close proximity to the Convention Center, the execution and delivery of the Room Block Agreement, the Payments in Lieu of Taxes, the purchase option granted by the Authority to the City, the agreement of the Authority to include provisions similar to those imposed by the City on its independent contractors pursuant to the City's home rule charter and ordinance provisions in contracts for the acquisition, construction, equipping and operation of the Hotel, the agreement of the Authority to comply with certain open records and meeting laws, the agreement of the Authority to provide the City with the right to approve the operator of the Hotel and the other economic benefits inuring to the City from the acquisition, construction, equipping and operation of the Hotel by the Authority, the City has agreed to make certain payments (the "Economic Development Payments") to the Authority pursuant to the terms of this Economic Development Agreement; and

WHEREAS, the Authority will assign all of its net revenues and contracts related to the Hotel, including this Economic Development Agreement, the Economic Development Payments and the Purchase Option Price, if paid, to the Trustee as security for the Series 2003 Bonds and the operation of the Hotel; and

WHEREAS, the Mayor of the City (or any other officer at any time charged with the responsibility of formulating budget proposals for submission to the City Council) will include in the budget proposals submitted to the City Council, in any year in which this Economic Development Agreement shall be in effect, items for all payments required for the ensuing Renewal Term under this Economic Development Agreement; and

WHEREAS, the obligation of the City to pay any Economic Development Payments hereunder shall be from year to year only; shall constitute currently budgeted expenditures of the City; shall not constitute a mandatory charge or requirement in any ensuing budget year; shall not constitute a debt or multiple fiscal year direct or indirect debt or other financial obligation of the City within the meaning of any home rule charter, constitutional or statutory limitation or requirement concerning the creation of indebtedness, nor a mandatory payment obligation of the City in any ensuing fiscal year beyond any fiscal year during which this Economic Development Agreement shall be in effect; and shall not be construed or interpreted as a loan or pledge of the credit or faith of the City, as creating any responsibility by the City for any debt or liability of the Authority or as a donation or grant by the City to, or in aid of, the Authority within the meaning of any home rule charter, constitutional or statutory limitation; and

WHEREAS, the execution and delivery of this Economic Development Agreement shall not directly or indirectly obligate the City to make any payments beyond those appropriated for any fiscal year during which this Economic Development Agreement shall be in effect; and

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

The following terms shall have the meanings specified below unless the context clearly requires otherwise:

"Appropriation" means the collective procedure by which the City Council specifically appropriates funds for a purpose and the City effects an Encumbrance for such purpose.

"Authority" means the Denver Convention Center Hotel Authority, a Colorado nonprofit corporation, and its successors and assigns.

"Board of Directors" means the board of directors of the Authority.

"Business Day" means a day that is not a Saturday, Sunday or legal holiday on which banking institutions in the States of Colorado or New York are authorized or required by law or executive order to remain closed or the New York Stock Exchange is closed.

"City" means the City and County of Denver, Colorado, a home rule city and a political subdivision created by the Constitution of the State, and any successor to its functions.

"City Council" means the City Council of the City or any successor to its functions.

"Convention Center" means the Colorado Convention Center, a convention center owned and operated by the City and located adjacent to the Hotel.

"Economic Development Agreement" means this Economic Development Agreement, including Exhibit A attached hereto, and any amendments or supplements pursuant to the terms hereof.

"Economic Development Benefits" means the economic and other benefits described in the Recitals and Article III hereof to be received by the City in consideration for the Economic Development Payments being made by the City pursuant to Section 5.02 hereof.

"Economic Development Payments" means the payments payable by the City pursuant to Section 5.02 hereof and Exhibit A hereto, during the Original Term and any Renewal Term, which constitute the payments payable by the City for and in consideration of the Economic Development Benefits received by the City during such Original Term or Renewal Term.

"Encumbrance" means an entry into the City's accounting system by the Auditor of the City, made by the Auditor upon confirming that there is an unencumbered balance in the appropriation and the appropriate fund chargeable therefore sufficient to provide for the Economic Development Payments for the purposes specified in this Economic Development Agreement; and having the result of setting aside the amount for such purpose.

"Event of Nonappropriation" means the nonrenewal of this Economic Development Agreement by the City, determined by the City's exercise of its right, for any reason, to not enact

by the last day of each fiscal year an appropriation ordinance for the ensuing fiscal year which includes amounts authorized and directed to be used to pay the Economic Development Payments during such Original Term or Renewal Term, as provided in Section 5.05 hereof.

"Excess Revenue" means any cash, cash equivalents and investment property that is not encumbered and is not required for the Authority's purposes or to satisfy the Authority's contractual obligations and other liabilities.

"Hotel" means the headquarters convention center hotel to be owned, acquired, constructed, equipped, operated and financed by the Authority adjacent to the Convention Center.

"Indenture" means the Indenture of Trust, between the Authority and the Trustee relating to the Series 2003 Bonds, as amended and supplemented pursuant to the terms thereof.

"Opening Date" means the first date on which the Hotel opens for business to the general public.

"Original Term" means the portion of the Term of this Economic Development Agreement which begins on June 1, 2003 and ends on December 31, 2003.

"Payments in Lieu of Taxes" means the payments in lieu of taxes payable by the Authority to the City pursuant to Section 3.02 hereof during the Term of this Economic Development Agreement.

"Program Manager" means the entity which has agreed with the Authority to develop, construct and equip the Hotel.

"Purchase Option Price" means the amount payable, at the option of the City, for the purpose of purchasing the Hotel, which amount shall be sufficient to pay, defease or provide for the payment of all of the Authority's obligations with respect to the Hotel in accordance with the documents governing such obligations and shall include an amount sufficient to either (1) pay the aggregate amount of the principal or redemption price of and accrued interest on all Series 2003A Bonds outstanding as of the date of such payment or redemption or (2) defease all Series 2003A Bonds in accordance with Article VIII of the Indenture; and provided; further, that the Purchase Option Price in excess of amount required to pay or defease the Series 2003A Bonds may be reduced by any obligation of the Authority related to the Hotel which is assumed by the City pursuant to Section 3.03 hereof.

"Renewal Term" means any optional Renewal Term of the Term of this Economic Development Agreement as provided in Article IV hereof.

"Room Block Agreement" means a Room Block Agreement, between the Authority and the operator of the Hotel from time to time, as amended and supplemented pursuant to the terms thereof, or any substitution thereof entered into with a replacement operator of the Hotel.

"*Series 2003 Bonds*" means, collectively, the Authority's Convention Center Hotel Senior Revenue Bonds, Series 2003A and the Authority's Convention Center Hotel Subordinate Revenue Bonds, Series 2003B issued pursuant to the Indenture.

"*State*" means the State of Colorado.

"*Supplemental Appropriation*" means any Appropriation after the initial Appropriation.

"*Term*" means the Original Term and any Renewal Terms as to which the City may exercise its option to renew this Economic Development Agreement, as further provided under Section 4.01 hereof; subject to the terms and provisions of Sections 4.02, 5.01 and 5.05 hereof.

"*Trustee*" means a corporate trustee selected by the Authority with its principal corporate trust office located in Denver, Colorado, acting in the capacity of trustee pursuant to the Indenture, and any successor thereto appointed under the Indenture.

ARTICLE 2

REPRESENTATIONS

Section 2.01 Representations of the City. The City represents for the benefit of the Authority as follows:

(a) The City is a home rule city duly created by the Constitution of the State and City's home rule charter. The City is authorized to enter into this Economic Development Agreement and to carry out its obligations under this Economic Development Agreement. The City has duly authorized and approved the execution and delivery of this Economic Development Agreement.

(b) The execution of this Economic Development Agreement is necessary, convenient and in furtherance of the governmental purposes of the City and is in the best interests of the City and its residents.

(c) This Economic Development Agreement constitutes a legal, valid and binding obligation of the City and is enforceable against the City in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(d) Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is now a party or by which the City is bound, or constitutes a default under any of the foregoing.

(e) There is no litigation or proceeding pending or, to the knowledge of the City, threatened against the City or any other person affecting the right of the City to execute this Economic Development Agreement or the ability of the City to make the payments required hereunder or to otherwise comply with the obligations contained herein.

Section 2.02 Representations of the Authority. The Authority represents for the benefit of the City as follows:

(a) The Authority is a nonprofit corporation duly organized, existing and in good standing under the laws of the State, is duly qualified to do business in the State, has all necessary power and authority to enter into and perform and observe the covenants and agreements on its part contained in this Economic Development Agreement, and by proper action has duly authorized the execution and delivery of this Economic Development Agreement.

(b) This Economic Development Agreement constitutes a legal, valid and binding obligation of the Authority and is enforceable against the Authority in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(c) Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, or constitutes a default under any of the foregoing and will not conflict with or constitute a violation of the Authority's articles of incorporation and bylaws or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Authority or its property and which conflict or violation will have a material adverse effect on the Authority, the Hotel or its operation.

(d) There is no litigation or proceeding pending or, to the knowledge of the Authority, threatened against the Authority or any other person affecting the right of the Authority to execute or deliver this Economic Development Agreement or to comply with its obligations under this Economic Development Agreement. Neither the execution and delivery of this Economic Development Agreement by the Authority, nor compliance by the Authority with its obligations under this Economic Development Agreement, require the approval of any regulatory body, any parent company or any other entity, which approval has not been obtained.

Section 2.03 Acknowledgments and Agreements of the Authority

(a) The Authority acknowledges and recognizes that the City may choose not to renew this Economic Development Agreement at the end of the Original Term or any Renewal Term in the event that sufficient funds are not budgeted and appropriated by the City, specifically with respect to this Economic Development Agreement, to continue paying all Economic Development Payments during the next occurring Renewal Term, and that the acts of budgeting and appropriating funds are legislative acts and, as such, are solely within the discretion of the City Council.

(b) The Authority agrees that so long as this Economic Development Agreement is in effect, it will maintain its existence, will continue to be qualified to do business in the State, will maintain its principal place of business in the State, will not dissolve and will not consolidate with or merge into another legal entity or permit one or more other legal entities to consolidate with or merge into it.

Section 2.04 Acknowledgements and Agreements of the City. The City acknowledges that the success of the Corporation in operating the Hotel is dependent upon various factors, including the expectation that the Hotel will continue to serve the Convention Center as the City's designated convention center headquarters hotel. In recognition of this, the City agrees that it will not take any action which would constitute an Event of Default under clauses (k), (l), (m) and (n) of Section 9.02 of the Indenture.

ARTICLE 3

ECONOMIC DEVELOPMENT AND OTHER BENEFITS PROVIDED BY AUTHORITY

Section 3.01 Room Block Agreement. The Authority shall enter into the Room Block Agreement and shall enforce the provisions of the Room Block Agreement against the operator of the Hotel. The City shall be a third party beneficiary of the Room Block Agreement during the Term of this Economic Development Agreement. The Room Block Agreement shall contain the following material terms, subject to the approval of the City's Manager of Revenue:

(a) Procedures for coordinating the reservation of Hotel room blocks between the operator of the Hotel and the Denver Convention and Visitors Bureau, or such other entity as may be designated by the City to coordinate the reservation of Hotel room blocks with events scheduled at the Convention Center.

(b) The advance time period in which the Hotel operator will be required to make and honor Hotel room block commitments.

(c) The total number of Hotel rooms that must be made available to fulfill the Hotel operator's room block commitments.

(d) The number of event nights per month in which the Hotel operator may be required to make Hotel room block commitments.

(e) Standards and procedures for establishing the rate to be paid for Hotel rooms contained within Hotel room blocks.

(f) Provisions assuring that any Hotel room block commitments made under the agreement will be binding upon any subsequent operator of the Hotel.

Section 3.02 Payments in Lieu of Taxes. Commencing with the calendar year immediately succeeding the Opening Date for the Hotel, the Authority hereby agrees to make the Payments in Lieu of Taxes to the City during the Term of this Economic Development Agreement. The Payments in Lieu of Taxes to be made by the Authority for each calendar year during the Term of this Economic Development Agreement shall be an amount equal to the product of the assessed value of the Hotel for the prior calendar year and the total mill levy certified to the Assessor of the City and County of Denver which would have been applicable to the Hotel during the preceding calendar year if the Hotel had been subject to property taxation. The Authority shall make the Payments in Lieu of Taxes described herein to the City by not later than the same dates by which property tax payments are required to be made to county treasurers within the State. The Payments in Lieu of Taxes shall be made to the City in lawful moneys of the United States of America. During the Term of this Economic Development Agreement the obligation of the Authority to make the Payments in Lieu of Taxes required under this Section shall be absolute and unconditional, and the Payments in Lieu of Taxes shall not be abated through accident or unforeseen circumstances. A failure by the Authority to make a Payment in Lieu of Taxes due to a deficiency in net revenues derived by the Authority from the operation of the Hotel shall not be deemed a default by the Authority hereunder; however, any such Payment in Lieu of Taxes not made as provided herein shall remain an obligation of the Authority (without interest) until made. Notwithstanding any dispute between the City and the Authority or any other person, during the Term of this Economic Development Agreement, the Authority (a) shall make all Payments in Lieu of Taxes when due, (b) shall not withhold any Payments in Lieu of Taxes pending final resolution of such dispute, and (c) shall not assert any right of set-off or counterclaim against its obligation to make the Payments in Lieu of Taxes. No action or inaction on the part of the City or any other person shall affect the Authority's obligation to make all Payments in Lieu of Taxes during the Term of this Economic Development Agreement.

The Payments in Lieu of Taxes shall be made by the Authority prior to the payment of debt service on any senior indebtedness of the Authority (including the Series 2003A Bonds); provided, however, that if the Hotel is later determined to be subject to property taxation by the City or any other taxing jurisdiction, the Authority shall continue to be obligated to pay the Payments in Lieu of Taxes pursuant to this Section; and the Payments in Lieu of Taxes shall thereafter only be made from moneys released from the Indenture to the Authority.

Section 3.03 Option to Purchase the Hotel. The City shall, during the Term of this Economic Development Agreement, have the right to purchase the Hotel from the Authority for the Purchase Option Price. The Purchase Option Price in excess of amount required to pay or defease the Series 2003A Bonds may be reduced by the amount of any obligation of the Authority related to the Hotel which is assumed by the City if such an assumption is permitted by the documents governing such obligation. Upon the payment of the Purchase Option Price by the City, the Authority shall execute and deliver to the City all necessary documents assigning, transferring and conveying title to the Hotel to the City.

Section 3.04 Provisions Concerning the Acquisition, Construction, Equipping and Operation of the Hotel. The Authority agrees to comply with the following provisions regarding the acquisition, construction, equipping and operation of the Hotel:

(a) None of the Authority, the Program Manager for the Hotel or any operator of the Hotel shall refuse to hire, discharge, promote or demote, or to discriminate in matters of compensation against any person otherwise qualified, solely because of race, color, religion, national origin, gender, age, military status, sexual orientation, marital status, or physical or mental disability. The Authority, the Program Manager for the Hotel and any operator of the Hotel shall insert substantially the foregoing provisions in all contracts to which the Authority, the Program Manager for the Hotel or any operator of the Hotel is a party that effect or relate to the Hotel.

(b) The Authority, the Program Manager for the Hotel and any operator of the Hotel shall cooperate and comply with the provisions of Executive Order 94 and Attachment A thereto concerning the use, possession or sale of alcohol or drugs. Violations of these provisions or refusal to cooperate with implementation of that policy can result in the City barring the Authority, the Program Manager for the Hotel or any operator of the Hotel from City facilities or participating in City operations.

(c) The Authority shall require the Program Manager for the Hotel and any operator of the Hotel to work together with the Mayor's Office of Workforce Development and other such designated agencies to carry out the First Source Hiring Program designated to provide employment opportunities to Denver residents, and which includes, among other things, recruitment, training, and similar activities, for permanent employees of any operator of the Hotel, or any part thereof.

(d) The Authority shall require the Program Manager for the Hotel to comply with the City's Prevailing Wage Ordinance (§§ 20-76, et seq., of the Denver Revised Municipal Code) in the construction or remodeling of the Hotel, and shall provide that any failure of the Program Manager for the Hotel to so comply may result in the withholding of disbursements of payments to the Program Manager.

(e) The Authority shall comply with the City's Public Art Program Ordinance (§§ 20-85, et seq., of the Denver Revised Municipal Code) in connection with the construction of the Hotel.

(f) The Authority shall require any operator of the Hotel to comply with the City's Living Wage Ordinance (§§ 20-80, et seq., of the Denver Revised Municipal Code) in the operation of the Hotel or any part thereof.

(g) The Authority shall require the Program Manager for the Hotel and any operator of the Hotel to comply with the City's Development and Utilization of Small Business Enterprises Ordinance (§§ 28-201, et seq., of the Denver Revised Municipal Code) in the construction and operation of the Hotel or any part thereof.

(h) The Authority agrees to require the Program Manager for the Hotel to provide the City's Manager of Revenue with a monthly narrative report on the progress of

the construction of the Hotel by the fifteenth day of each month following commencement of construction of the Hotel.

(i) The Authority shall include in any of its contracts with the Program Manager or any developer, contractor, or subcontractor for the construction, reconstruction, or remodeling of the Hotel a requirement that the Program Manager, developer, contractor or subcontractor fully comply with the City's Prevailing Wage Ordinance, D.R.M.C. §§ 20-76, *et seq.*, the Fair Labor Standards Act, state workers compensation laws, state unemployment compensation laws, all federal, state and City requirements respecting the licensing of certain trades and crafts (e.g. plumbers and electricians), and all federal, state and City requirements respecting apprenticeship within those trades and crafts. The Authority shall also include in any contract with the Program Manager or any such developer, contractor, or subcontractor a provision for termination of the contract for failure of the Program Manager, developer, contractor, or subcontractor to comply with the foregoing requirements, subject to a reasonable period of time for the Program Manager, developer, contractor or subcontractor to dispute or cure the alleged noncompliance.

Section 3.05 Public Records and Meetings. The Authority shall abide by the provisions of the Colorado Open Records Act, Part 2 of Article 72 of Title 24 of the Colorado Revised Statutes, as amended or any successor provisions. Meetings of the Board of Directors shall be noticed and open to the public in the same manner and to the same extent as are meetings of public bodies of the City governed by the City's open meetings ordinance, §§ 2-31, *et seq.*, of the Denver Revised Municipal Code.

Section 3.06 Receipt of Excess Revenue of the Authority. Pursuant to the articles of incorporation for the Authority, any Excess Revenue is to be distributed to, or as directed by, the City at least once each year. The Indenture provides that moneys are released to the Authority on the Business Day following each Interest Payment Date (as defined in the Indenture). The City and the Authority hereby agree that any amounts released to the Authority pursuant to the Indenture shall be deemed to be Excess Revenue for purposes of the Authority's articles of incorporation. The Authority shall promptly notify the City of its entitlement to receive any moneys from the Indenture and the City shall instruct the Authority as to the method of transferring such funds to the City.

Section 3.07 Additional Economic Benefits. The City and the Authority hereby acknowledge and agree that the Economic Development Payments are a necessary component to enable the Authority to acquire, construct, equip, finance and operate the Hotel. During both the period of the acquisition, construction and equipping of and the period of the operation of the Hotel, the City will derive substantial economic benefits in addition to those described in the other Sections of this Article, including: (a) the creation of jobs at and around the Hotel; (b) the additional sales, use, lodging, employment and other taxes to be received by the City from the construction and operation of the Hotel; (c) the increased economic activities resulting in additional revenue to the City expected to be generated through the increased number of conventioners and other visitors to the City due to the existence of the Hotel; and (d) the redevelopment of an area of downtown Denver that is expected to result in additional redevelopment activity within such area and thereby increasing property values.

Section 3.08 Repayment of Costs and Expenses to City. The Authority shall, on the date of issuance of the Series 2003 Bonds and from the proceeds of the Series 2003 Bonds, reimburse the City for all costs and expenses incurred by the City in connection with the Hotel (including, without limitation, all consultant and attorneys costs).

Section 3.09 Right to Approve Hotel Operator. The Authority shall not enter into a management agreement with an operator of the Hotel (other than Hyatt Corporation) without the written consent of the Mayor, which consent may be withheld only upon a determination by the Mayor that the proposed operator does not possess the expertise or financial ability to manage the Hotel on generally the same terms and conditions as the original Hotel operator; provided, however, that the consent of the Mayor shall not be required if an Event of Default (as defined in the Indenture) has occurred and is continuing.

ARTICLE 4

TERM OF THIS ECONOMIC DEVELOPMENT AGREEMENT

Section 4.01 Commencement of Term; Renewals. The Term of this Economic Development Agreement shall commence on June 1, 2003. The Original Term shall end on December 31, 2003. The Term of this Economic Development Agreement may be continued, solely at the option of the City, for the first Renewal Term and for additional Renewal Terms thereafter, each of one year in duration, except that the final Renewal Term, if any, shall commence on January 1 of the 35th calendar year after the Opening Date of the Hotel and shall terminate on December 31 of that calendar year or, if all Economic Development Payments for such Renewal Term have not then been paid by the City, on such later date as all Economic Development Payments for such Renewal Term are paid by the City.

In the event that the City shall determine, for any reason, not to renew this Economic Development Agreement, the City shall give written notice to such effect to the Authority not less than 30 days prior to the end of the Original Term or the then current Renewal Term; provided, however, that a failure to give such notice shall not constitute a default hereunder, nor prevent the City from declining to renew this Economic Development Agreement, nor result in any liability on the part of the City.

The option of the City to renew or not to renew this Economic Development Agreement shall be conclusively determined by whether or not the City Council has, on or before the December 31 immediately preceding the commencement of any Renewal Term, budgeted and appropriated, specifically with respect to this Economic Development Agreement, moneys sufficient to pay all the Economic Development Payments for such ensuing Renewal Term, all as further provided in Section 5.05 hereof.

It is the intention of the City Council that the decision to renew or not to renew this Economic Development Agreement shall be made solely by the City Council and not by any other City officer. The Mayor of the City (or any other officer at any time charged with the responsibility of formulating budget proposals for the City Council) is hereby directed to include in the budget proposals submitted to the City Council, in any year in which this Economic Development Agreement shall be in effect, items for all payments required for the ensuing

Renewal Term under this Economic Development Agreement. The City shall in any event, whether or not this Economic Development Agreement is to be renewed, furnish the Authority with copies of its annual budget promptly after the budget is adopted.

The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except that the Economic Development Payments shall be as provided in Exhibit A hereto.

Notwithstanding any other provision of this Economic Development Agreement, the City shall be deemed to have elected to renew this Economic Development Agreement for any year in which no Economic Development Payment is payable unless it shall have given written notice that this Economic Development Agreement will not be renewed for such year to the Authority not less than 30 days prior to the end of the Original Term or the Renewal Term immediately preceding such year.

Section 4.02 Termination of Term.

(a) The Term of this Economic Development Agreement shall terminate upon the earliest to occur of any of the following events:

(i) the expiration of the Original Term or any Renewal Term during which there occurs an Event of Nonappropriation (which has not been cured by the City in accordance with this Economic Development Agreement) pursuant to Article V hereof and the exercise by the Authority, or its assignee, of its right to terminate this Economic Development Agreement pursuant to Section 5.05 hereof;

(ii) the expiration of the Original Term or any Renewal Term during which there occurs an Event of Nonappropriation pursuant to Article V hereof and for which the City provides the Authority and the Trustee with a notice of the City's intention to not renew this Economic Development Agreement;

(iii) the purchase by the City of the Hotel as provided in Section 3.03 hereof; and

(iv) December 31 of the 35th calendar year after the Opening Date of the Hotel, which date constitutes the last day of the final Renewal Term of this Economic Development Agreement, or such later date as all Economic Development Payments required hereunder shall be paid.

(b) Termination of the Term of this Economic Development Agreement shall terminate (i) all unaccrued obligations of the City and the Authority under this Economic Development Agreement, (ii) the City's obligations under Sections 2.04 and 5.07 hereof, (iii) the City's right to enforce the provisions of the Room Block Agreement (described in Section 3.01 hereof), (iv) the right of the City to receive the Payments in Lieu of Taxes pursuant to Section 3.02 hereof, (v) the City's option to purchase the Hotel granted pursuant to Section 3.03 hereof, (vi) the City's right to approve any future operator of the

Hotel and (vii) the requirement that the Authority comply with the provisions of Sections 3.04, 3.05 and 3.09 hereof.

(c) Notwithstanding subsections (a) and (b) of this Section or any other provision hereof, upon the expiration of the Original Term or any Renewal Term during which there occurs an Event of Nonappropriation (which has not been cured by the City in accordance with this Economic Development Agreement), pursuant to Section 5.05 hereof, neither the City nor the Authority shall have any further obligations under this Economic Development Agreement, including but not limited to the City's obligation to make Economic Development Payments and the City's obligation to comply with Sections 2.04 and 5.07 hereof, regardless of whether or not the Authority, or its assignee, has exercised its right to terminate this Economic Development Agreement pursuant to Section 5.05 hereof. If (i) the Original Term or any Renewal Term during which there occurs an Event of Nonappropriation pursuant to Article V hereof has expired, (ii) the Authority, or its assignee, has not exercised its right to terminate this Economic Development Agreement pursuant to Section 5.05 hereof and (iii) the City thereafter effects an Appropriation or a Supplemental Appropriation specifically with respect to this Economic Development Agreement of moneys sufficient to pay all Economic Development Payments coming due for the next ensuing fiscal year, the obligations of the City under this Economic Development Agreement shall be reinstated with respect to such next ensuing fiscal year.

ARTICLE 5

ECONOMIC DEVELOPMENT PAYMENTS BY THE CITY

Section 5.01 Economic Development Payments to Constitute Currently Budgeted Expenditures of the City. The City and the Authority acknowledge and agree that the Economic Development Payments and any other applicable obligations hereunder shall constitute currently budgeted expenditures of the City and may be paid from any legally available funds of the City, if an Appropriation or a Supplemental Appropriation has been affected for such purpose. The obligations of the City under this Economic Development Agreement shall be from year to year only (as further provided in Sections 4.01, 4.02 and 5.05 hereof), shall extend only to moneys for which an Appropriation or a Supplemental Appropriation has been effected by the City, and shall not constitute a mandatory payment obligation, charge or liability of the City in any fiscal year beyond a fiscal year during which this Economic Development Agreement shall be in effect.

No provision of this Economic Development Agreement shall be construed or interpreted as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation of the City or a general obligation or other indebtedness of the City within the meaning of any home rule charter, constitutional or statutory debt limitation. No provision of this Economic Development Agreement shall be construed or interpreted as a delegation of governmental powers, as a loan or pledge of the credit or faith of the City, as creating any responsibility by the City for any debt or liability of the Authority or as a donation or grant by the City to, or in aid of, the Authority within the meaning of any home rule charter, constitutional or statutory limitation, including without limitation Article X, Section 20 or Article XI, Section 1, 2 or 6 of the

Constitution of the State. Neither this Economic Development Agreement nor the issuance of the Series 2003 Bonds shall directly or indirectly obligate the City to make any payments beyond those appropriated for any fiscal year in which this Economic Development Agreement shall be in effect. The City shall be under no obligation to exercise its option to purchase the Hotel. No provision of this Economic Development Agreement shall be construed to pledge or to create a lien on any class or source of City moneys, nor shall any provision of this Economic Development Agreement restrict the future issuance of any City bonds or obligations payable from any class or source of City moneys.

Section 5.02 Economic Development Payments. Subject to the provisions of this Article, the City shall make the Economic Development Payments during the Term of this Economic Development Agreement to the Authority, or its assignee, on or before the fourteenth day prior to each June 1 and December 31 of each year, commencing on the fourteenth day preceding December 1, 2006; provided, however, the City shall not be obligated to make any Economic Development Payment which is due prior to the Opening Date of the Hotel. The Economic Development Payments shall be made in the amounts set forth in Exhibit A hereto.

Section 5.03 Manner of Payment. The Economic Development Payments and, if paid, the Purchase Option Price, shall be made in lawful moneys of the United States of America to the Authority, or its assignee. The obligation of the City to make the Economic Development Payments shall, except as provided in this Article, be absolute and unconditional. Notwithstanding any dispute between the City and the Authority or any other person during the Term of this Economic Development Agreement, the City shall (a) make all Economic Development Payments when due, (b) shall not withhold any Economic Development Payments pending final resolution of such dispute and (c) shall not assert any right of set-off or counterclaim against its obligation to make the Economic Development Payments. No action or inaction on the part of the Authority or any other person shall affect the City's obligation to make all Economic Development Payments, during the Term of this Economic Development Agreement.

Section 5.04 Expression of City's Need for Hotel and Economic Development Benefits; Determinations as to Fair Value of Economic Development Payments and Purchase Option Price. The City hereby declares its current need for the Hotel and the Economic Development Benefits which the City anticipates receiving in connection with the completion of the Hotel. It is hereby declared to be the present intention and expectation of the City Council that this Economic Development Agreement will be renewed annually for the full term of this Economic Development Agreement until title to the Hotel is acquired by the City pursuant to Section 3.03 hereof; but this declaration shall not be construed as contractually obligating or otherwise binding the City. The City and the Authority hereby agree and determine that the Economic Development Payments hereunder during the Original Term and any Renewal Term represent at least the fair value of the Economic Development Benefits received by the City during such Original Term or Renewal Term; and that the Purchase Option Price represents the fair purchase price of the Hotel. The City hereby determines that the Economic Development Payments do not exceed a reasonable amount so as to place the City under an economic or practical compulsion to renew this Economic Development Agreement or to exercise its option to purchase the Hotel hereunder. In making such determinations, the City and the Authority have given consideration to the value of the Hotel and the Economic Development Benefits

received by the City in connection with the Hotel, the uses and purposes for the Hotel and the option of the City to purchase the Hotel. The City hereby determines and declares that the period during which the City has an option to purchase the Hotel (i.e., the maximum Term of this Economic Development Agreement including all Renewal Terms) does not exceed the remaining useful life of the Hotel.

Section 5.05 Nonappropriation. In the event that the City shall have not effected an Appropriation or a Supplemental Appropriation specifically with respect to this Economic Development Agreement, on or before December 31 of each year, of moneys sufficient to pay all Economic Development Payments coming due for the next ensuing Renewal Term, an Event of Nonappropriation shall be deemed to have occurred (provided, however, that the Authority shall waive any Event of Nonappropriation which is cured by the City).

If an Event of Nonappropriation occurs and until such time as the Event of Nonappropriation has been cured or this Economic Development Agreement has been terminated pursuant to Section 4.02 hereof, (a) the City shall not be obligated to make the Economic Development Payments or any other payments provided for herein which accrue after the last day of the Original Term or Renewal Term during which such Event of Nonappropriation occurs, but the City will be obligated to pay all previously appropriated but unpaid amounts, (b) the City shall not be obligated to comply with Sections 2.04 and 5.07 hereof, (c) the City shall not have the right to enforce the provisions of the Room Block Agreement, (d) the City's shall not have the right to approve any future operator of the Hotel and (v) the Authority shall not be required to (i) make the Payments in Lieu of Taxes pursuant to Section 3.02 hereof, (ii) honor the City's option to purchase the Hotel granted pursuant to Section 3.03 hereof or (iii) comply with Sections 3.04, 3.05 and 3.09 hereof. In addition, if an Event of Nonappropriation occurs and has not been cured, the Authority shall have the right to terminate this Economic Development Agreement by written notice to the City and the Trustee after January 31 of the calendar year immediately succeeding such Event of Nonappropriation.

Section 5.06 City Acknowledgement of Assignment of this Economic Development Agreement. The City hereby acknowledges and agrees to the assignment by the Authority to the Trustee, pursuant to the Indenture, of all rights, title and interest of the Authority in, to and under this Economic Development Agreement (except the rights of the Authority under Section 6.05 hereof), including the Economic Development Payments and the Purchase Option Price, if paid; and to the delegation by the Authority to the Trustee, pursuant to the Indenture, of all duties of the Authority under this Economic Development Agreement. Until the Indenture has been defeased in accordance with Article VIII of the Indenture, the Economic Development Payments shall be made to the Trustee, as the assignee of the Authority, and deposited by the Trustee to the Available Revenue Fund established pursuant to the Indenture, and any notices provided hereunder shall be additionally provided to the Trustee.

Section 5.07 Insurance. In further consideration of the benefits inuring to the City under this Economic Development Agreement, the City shall, to the extent permitted by law and the reasonable limitations of the City's insurance programs and resources, permit the Authority to utilize the City's insurance programs and resources to meet the insurance requirements provided for under the Indenture or other requirements or needs as determined by the Board of Directors with respect to the Hotel during the acquisition, construction, equipping

and operation of the Hotel. Specifically with respect to the design and construction of the Hotel, the City shall assist the Authority in procuring sufficient project specific professional liability insurance and builder's risk insurance for the Hotel and the City shall, subject to negotiation of satisfactory terms and conditions with the Authority and the Authority's Program Manager, include the Hotel under the City's existing rolling owner controlled insurance program. In the event the City procures such insurance on behalf of the Authority or includes the Authority under any existing insurance program, the Authority agrees to pay directly or reimburse the City for its proportionate or actual cost of premiums, deductibles, administrative expenses and other costs associated with procurement and maintenance of such insurance.

ARTICLE 6

MISCELLANEOUS

Section 6.01 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid, as follows: if to the City, addressed to the City and County of Denver, Colorado, 144 West Colfax Avenue, Suite 300, Denver, Colorado 80202, Attention: Manager of Revenue; with electronic notice to: debtmanagement@ci.denver.co.us; if to the Authority, addressed to the Denver Convention Center Hotel Authority, c/o Akin Gump Strauss Hauer & Feld LLP, 1675 Broadway, Suite 2300, Denver, Colorado 80202, Attention: President; and if to the Trustee, to the address provided by Trustee. The City and the Authority may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 6.02 Status of the Authority. It is understood and agreed that the status of the Authority shall be that of an independent contractor and of an entity retained on a contractual basis to perform certain professional or technical services for limited periods of time as described in Section 9.1.2(c) of the City's home rule charter and it is not intended, nor shall it be construed, that the Authority or its employees are employees or officers of the City under Chapter 18 of the Denver Revised Municipal Code or for any purpose whatsoever.

Section 6.03 Inspection of Records. The Authority shall maintain its books and records in the City and County of Denver at a place known at all times to the City. Representatives of the City, including without limitation, the City's Auditor, shall have the right to inspect and copy such books and records from time to time on one (1) business day's notice to the Authority. The Authority shall maintain its financial records in accordance with generally accepted accounting principles consistently applied. At any time after five (5) business days prior notice to the Authority of its intention to do so, the City may cause to be made a complete audit of the records of the Authority for any fiscal period within the preceding ten (10) years. The acceptance of payments by the City computed on the basis of statements furnished by the Authority shall be without prejudice to the City's rights to inspect and/or audit the records of the Authority. A representative of the Authority shall appear before City Council to answer any questions regarding this Economic Development Agreement upon request of the City.

Section 6.04 Suits and Actions. Each Party shall be responsible for any and all suits, demands, costs or actions proximately resulting from its own individual acts or omissions.

The City and the Authority shall equally share any costs of defending any action challenging the validity of this Economic Development Agreement.

Section 6.05 Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall default under any of the provisions hereof and the nondefaulting party shall employ attorneys or incur other expenses for the collection of Economic Development Payments or Payments in Lieu of Taxes hereunder, or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees, to the extent permitted by law, that it shall pay on demand therefor to the nondefaulting party the fees of such attorneys and such other expenses so incurred by the nondefaulting party, to the extent that such attorneys' fees and expenses may be determined to be reasonable by a court of competent jurisdiction.

Section 6.06 Independent Obligations and Limitation on Remedies. The parties intend that the obligations of the Authority hereunder are independent of the obligations of the City hereunder and that the obligations of the City hereunder are independent of the obligations of the Authority hereunder. Accordingly, each party expressly agrees that in the event the other party fails to perform any of its obligations hereunder, breaches any provision hereof or defaults under any provision hereof, the nondefaulting party shall be entitled to a remedy for specific performance or damages but shall not, except as otherwise specifically provided in Section 4.02 hereof, terminate this Economic Development Agreement or suspend its performance of its obligations hereunder or compliance with the provisions hereof. In addition, a judgment requiring a payment of money may be entered against the City only as to the Economic Development Payments actually appropriated, but not paid, by the City.

Section 6.07 Conflict of Interest. The parties agree that no employee of the City shall have any personal or beneficial interest in the services or property described herein and the Authority further agrees not to hire or contract for services any employee or officer of the City which would be in violation of the Denver Revised Municipal Code Chapter 2, Article IV, Code of Ethics or the provisions of Sections 1.2.8, 1.2.9 and 1.2.12 of the City's home rule charter.

Section 6.08 No Third Party Beneficiaries. Except as provided in Section 5.06 hereof with respect to the assignment of the Authority's rights, title and interests in this Economic Development Agreement to the Trustee, it is expressly agreed and understood that the enforcement of the terms and conditions of this Economic Development Agreement, and the rights of action relating to such enforcement, shall be strictly reserved to the City and the Authority, and nothing contained in this Economic Development Agreement shall give rise or allow any such claim or right of action by any other third person on this Economic Development Agreement. It is the express intention of the City and the Authority that any person other than the City or the Authority (and the Trustee as its assignee) receiving services or benefits under this Economic Development Agreement shall be deemed to be an incidental beneficiary only.

Section 6.09 Binding Effect. This Economic Development Agreement shall inure to the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns.

Section 6.10 Amendments, Changes and Modifications. This Economic Development Agreement may only be amended by a written instrument executed by the City and the Authority.

Section 6.11 Payments Due on Non-Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Economic Development Agreement, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Economic Development Agreement.

Section 6.12 Severability. In the event that any provision of this Economic Development Agreement, other than the requirement of the City to make the Economic Development Payments, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 6.13 Execution in Counterparts. This Economic Development Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 6.14 Governing Law. This Economic Development Agreement shall be governed by, and construed in accordance with, the internal laws of the State without giving effect to choice of law principles and shall be subject to the limitations, if any, that are applicable under the home rule charter or ordinances of the City.

Section 6.15 Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Economic Development Agreement.

IN WITNESS WHEREOF, the Authority has executed this Economic Development Agreement in its corporate name with its corporate seal hereunto affixed and attested by its duly authorized officers; and the City has caused this Economic Development Agreement to be executed in its corporate name and the seal of the City affixed and attested by duly authorized officers thereof. All of the above are effective as of the date first above written.

[SEAL]

DENVER CONVENTION CENTER HOTEL
AUTHORITY

Attest:

By: _____
President

By: _____
Secretary

[CITY SEAL]

CITY AND COUNTY OF DENVER,
COLORADO

Attest:

By: _____
Mayor

By: _____
City Clerk and Recorder, Ex-Officio Clerk
of the City and County of Denver

APPROVED AS TO FORM

RECOMMENDED AND APPROVED

J. WALLACE WORTHAM, JR., Attorney
for the City and County of Denver

By: _____
Director, Mayor's Office of Economic
Development

By: _____
City Attorney

REGISTERED AND COUNTERSIGNED

By: _____
Auditor for the City and County of Denver
Contract Control # _____

EXHIBIT A

SCHEDULE OF ECONOMIC DEVELOPMENT PAYMENTS

Payment Date	Economic Development Payment Amount
December 1, 2006	\$2,500,000
June 1, 2007	3,250,000
December 1, 2007	3,250,000
June 1, 2008	4,000,000
December 1, 2008	4,000,000
June 1, 2009	4,250,000
December 1, 2009	4,250,000
June 1, 2010	4,500,000
December 1, 2010	4,500,000
June 1, 2011	4,375,000
December 1, 2011	4,375,000
June 1, 2012	4,625,000
December 1, 2012	4,625,000
June 1, 2013	4,500,000
December 1, 2013	4,500,000
June 1, 2014	4,750,000
December 1, 2014	4,750,000
June 1, 2015	5,000,000
December 1, 2015	5,000,000
June 1, 2016	5,250,000
December 1, 2016	5,250,000
June 1, 2017	5,375,000
December 1, 2017	5,375,000
Each December 1 and June 1 thereafter	5,500,000

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF MANAGEMENT AGREEMENT, AS EXPECTED TO BE AMENDED

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF MANAGEMENT AGREEMENT, AS EXPECTED TO BE AMENDED

The following statements are summaries of certain provisions of the Management Agreement and are in addition and complementary to the information found in the body of this Official Statement. See also “APPENDIX B—Amended and Restated Master Glossary of Terms.” Reference is made to the Management Agreement for its complete terms.

Operating Standards

Operating Standard Defined. The Manager agrees to operate the Hotel in accordance with certain Operating Standards, which include operating the Hotel: (a) consistent with the Management Agreement, including the applicable Operating Plan and Budget and Capital Budget; (b) under the standards, policies and programs applicable to the operation of Other Hyatt Hotels to the extent not inconsistent with the Management Agreement, including purchasing, sales promotion and quality improvement programs; (c) as a full service, first-class, convention oriented Upscale Hotel; and (d) in a manner that will (i) preserve the Hotel; (ii) maximize the financial return to the Authority from the operation of the Hotel, taking into consideration the Room Block Agreement; and (iii) control Operating Expenses.

The Manager agrees to retain the Rating Service to conduct a survey of the Hotel at least annually to determine if the Hotel has attained an Upscale Rating. The failure to achieve an Upscale Rating does not constitute an Event of Default under the Management Agreement as long as the Manager works diligently and in good faith to achieve such an Upscale Rating.

Inability To Meet Operating Standard; Modification of Operating Standards. If the Manager believes that it cannot operate the Hotel to meet one of the Operating Standards without violating another of the Operating Standards, it is required to notify the Authority with recommendations as to modifications of the Operating Standards without compromising the operation or quality of the Hotel. The Authority is not obligated to approve the proposed modifications so long as its disapproval is reasonable.

Establishing Pricing

Establish Budgeted Occupancy and Revenue. In preparing each Proposed Operating Plan and Budget, the Manager agrees to base its revenue projection on assumptions regarding room rates and other charges for use of the Hotel facilities. These assumptions and the establishment of rates and charges are referred to as the “Pricing.” The Authority has the right to (a) review and approve the applicable Operating Plan and Budget (including the budgeted Gross Operating Revenues and the Pricing) described below under “—Approval/Disapproval of Budgets—Approval of Pricing and Budgets”; and (b) appoint a hotel consultant and implement certain recommendations of the Hotel Consultant described below under “—Approval/Disapproval of Budgets—Hotel Consultant.”

Interim Changes to Pricing. If the Manager believes that current market conditions will not enable the Manager to generate Pricing consistent with the then current Operating Plan and

Budget for any 30-day period within the next 90 days, the Manager is to recommend to the Authority and the Asset Manager modifications of the applicable Pricing. The Authority may only approve such modifications if such modified Pricing (a) is expected to generate either a positive or negative variance of more than 10% of Gross Operating Revenues in the then current Operating Plan and Budget; or (b) with proposed related revisions to the current Operating Plan and Budget, results in Debt Service Coverage Ratios for the Senior Bonds of more than 2.50:1.00 or less than 1.00:1.00. If the Hotel Consultant makes a recommendation as to approval of the modified Pricing, the Authority does not have any approval rights. If the Authority believes that either clause (a) or (b) above is applicable and the Manager disagrees, then provisions of the Management Agreement described below under “—Approval/Disapproval of Budgets—Approval of Pricing and Budgets” apply to resolve such disagreement unless the Hotel Consultant recommends a modified Pricing as described below under “—Approval/Disapproval of Budgets—Hotel Consultant,” in which event such provisions apply.

Tax Covenant

The Manager agrees that it will use reasonable efforts, and exercise due diligence, to familiarize itself, and the appropriate members of the Hotel staff, with applicable federal tax law requirements. The Manager agrees that, to the extent of its rights and authority under the Management Agreement and as authorized by the Authority in writing, it will operate and manage the Hotel in a manner in which it reasonably and in good faith, and with the exercise of due diligence, believes is in compliance with such federal tax law requirements and in a manner intended to preserve the exemption from federal income tax of the interest on the Bonds, and will in no event intentionally operate or manage the Hotel in a manner that has an adverse effect on the aforesaid federal income tax exemption. The foregoing provisions shall not require Manager to breach any of the provisions of the Management Agreement unless such action is authorized, and such breach is waived in writing, by the Authority and the Trustee. In the event that such requirements impose a material adverse burden on the Manager not otherwise contemplated by the Management Agreement, the Manager shall agree to the amendments to the Management Agreement necessary to comply with such requirements so long as the Authority agrees to compensate the Manager or otherwise alleviate such material adverse burden in a manner which maintains or restores to the Manager the benefits expected to be received by it pursuant to the original terms of the Management Agreement. If the Authority is unable or unwilling to compensate Manager or otherwise alleviate such material adverse burden in such manner, then the Manager in its reasonable discretion may reject such proposed amendment and the Management Agreement shall terminate without any Termination Fee payable by the Authority thereunder in connection with such a termination.

Contracts Related to Project

The Manager is to negotiate, enter into and administer, as agent on behalf of the Authority and for the benefit of the Project, certain contracts, including the Occupancy Agreements, service contracts and banquet and meeting facility contracts described below.

Occupancy Agreements. The Manager is responsible for operating all space within the Project, including restaurants and lounges, but does not have any responsibility for operating retail or commercial space to be used by third parties.

Service Contracts. The Manager is to enter into service contracts for Project operations, including contracts for health and safety systems maintenance, electricity, gas, telephone, cleaning, elevator and boiler maintenance, air conditioning maintenance, laundry and dry cleaning, master television service, broadband, high-speed internet access and other technological services, use of copyrighted materials (such as music and videos), entertainment and other services the Manager deems advisable.

Banquet and Meeting Facility Contracts. The Manager is to enter into contracts for the use of banquet and meeting facilities and guest rooms by groups and individuals.

Licenses and Permits. The Manager is to obtain all licenses and permits required for the management and operation of the Hotel or the making of Capital Improvements, as and when required under the Legal Requirements. The Manager is responsible for obtaining the Liquor Licenses for the Hotel prior to the Opening Date to the extent legally permissible.

Approval of Certain Contracts. The Authority's approval is required for any Occupancy Agreement, contract or license that (a) has a term (including renewal terms) in excess of one year or a term that is automatically renewable or terminable with a termination penalty; or (b) requires annual aggregate payments in excess of \$250,000 (to be increased or decreased in the second and each subsequent Operating Year by the percentage change in the Index). This Authority approval requirement does not apply to any contract (i) for which the cost of performance is included in the approved Operating Plan and Budget or Capital Budget; (ii) for the provision of utilities or employee benefits; (iii) which constitutes a Mandatory Contract; (iv) related to collective bargaining; or (v) Occupancy Agreements for transient use of hotel rooms and facilities by guests or patrons of the Hotel entered into in the ordinary course of business. The Authority may instruct that contracts, other than Mandatory Contracts, providing for payments in any one year in excess of \$250,000 be competitively bid. The Authority's approvals are deemed given if the Authority fails to respond within 10 Business Days (unless extended for an additional 10 Business Days) from the date of the Manager's request for approval.

Contracts Resulting in Profits for Manager. The Manager may not enter into any contract, as a result of which the Manager, or any Affiliate of or party related to the Manager, receives any direct or indirect profit including any rebate, revenue sharing, royalty, profit or participation or barter consideration in the form of goods or services.

Provisions Applicable to All Contracts. Other than Nonassignable Contracts, the Manager is to use commercially reasonable efforts to include in all contracts a provision stating that such contracts are fully assignable at the direction of the Authority to a successor manager. Upon the termination of the Management Agreement, the Manager is to assign to the Authority or its designee all contracts and agreements described therein (other than Nonassignable Contracts). The Manager is required to (a) generally comply with its standard practices and policies for Other Hyatt Hotels, including competitive bidding, in the selection of vendors under contracts for goods and services; (b) select vendors that will provide the best combination of cost, quality of goods and services and terms of delivery and purchasers; and (c) give preference to local vendors in its selection process. See also "—Chain Services and System Services" and "—Purchasing" below.

Maintenance of Project and FF&E

The Manager is to keep the Project and the FF&E in good operating order, repair and condition in accordance with the Operating Standard, including making necessary replacements, improvements, additions and substitutions and implementing a preventative maintenance program. In connection with such programs, the Manager is to arrange to have the Project and the FF&E physically inspected at least once each Operating Year and prepare a report for the Authority's review. The Authority may hire an independent consultant to inspect the Project and the FF&E not more often than once every Operating Year, to be paid from the Gross Operating Revenues.

Supervision and Coordination of Renovations, Improvements, Etc.

The Manager agrees to (a) supervise and coordinate the construction and installation of any renovations, improvements, repairs or replacements of a capital nature to the Project (other than Major Capital Projects) at no additional fee to the Manager unless such fee is in the applicable Capital Budget or approved by the Authority; and (b) cooperate with, and render assistance to, the Architect, the Program Manager, the Trustee, the Authority and their respective designees and consultants in any related design review and project oversight. The Manager may not change, or be required to change, the physical appearance of the exterior or the basic structure of the Project.

Purchase of Inventories, Supplies and Consumables

Except for Initial Supplies, Operating Equipment and Inventory to be provided by the Program Manager or others under the Pre-Opening Services Agreement, the Program Management Agreement, the Technical Services Agreement or other agreement, the Manager is to provide all inventories and consumable and operating supplies to maintain and operate the Project in accordance with the Operating Standards, use the same in the management and operation of the Project, and act in a commercially reasonable manner in purchasing such items. The Authority is to own all such inventories and consumable and operating supplies. See also "—Purchasing" below.

Legal Services

Retention of Legal Counsel. The Manager is to retain legal counsel, acceptable to the Authority, to perform legal services for the Project in the ordinary course of business. The Manager is to, as an Operating Expense, (a) commence ordinary collection lawsuits to collect charges, rent or other income from the Project's operations; (b) commence legal or other actions, as the Manager deems appropriate, to (i) enforce or terminate any contract or agreement related to the Project's operations and under which the third-party contractor is in default; (ii) oust or dispossess guests, tenants or other persons in possession who are not entitled to occupy any portion of the Project; and (iii) cancel or terminate any lease, license or concession agreement for a breach thereof or default thereunder; and (c) take appropriate steps to challenge, protest, appeal and/or litigate to final decision any counterclaims related to the foregoing.

Joint Control of Certain Legal Proceedings. In respect of legal proceedings of a nature other than those discussed above that subject the Authority to liability risk in excess of \$100,000 (to be increased or decreased each operating year by the percentage change in the index), the Authority and the Manager are to (a) jointly select counsel to represent both Parties; (b) coordinate with regard to case management strategy; (c) have the right to review pertinent documents prior to submission to court; and (d) participate in any settlement discussions.

Settlement of Claims. The Manager may not settle any claim, action, counterclaim or employment claim (if it would otherwise constitute an Operating Expense or be payable from any Funds) without the Authority's consent if such settlement would result in an uninsured liability for the current Operating Year in excess of \$25,000 (to be increased or decreased each operating year by the percentage change in the Index). The Authority is deemed to have consented to any proposed settlement under the circumstances set forth in the Management Agreement.

Taxes and Pass Through Costs

Remitting Sales and Other Similar Taxes. The Manager is to collect, on behalf of the Authority, and account for and remit to applicable Governmental Authorities all Gross Receipts Taxes and may withdraw from the Lockbox Fund and the Excluded Taxes and Pass Through Costs Fund the amount of Gross Receipt Taxes deposited therein in order to so remit the same.

Ad Valorem Taxes and Personal Property Taxes. The Manager is to pay all ad valorem and personal property taxes, or payments in lieu thereof as the Authority may agree to pay to the City. Any costs incurred in resolving a tax dispute involving the Project is to be paid from amounts on deposit in the Taxes and Insurance Fund.

Remitting Pass Through Costs. The Manager is to collect on behalf of the Authority and account for and remit to the appropriate parties all Pass Through Costs and may withdraw such Pass Through Costs from the Lockbox Fund and the Excluded Taxes and Pass Through Costs Fund in order to so remit the same.

Financial Matters

The Manager is to keep the Authority informed and advised of all material financial and other matters concerning the Project and its operation.

Cooperation With Convention Center Representatives

The Manager is to cooperate with the Convention Center Representatives so long as such cooperation is not contrary to the performance of the Operating Standards.

Approval/Disapproval of Budgets

Delivery of Budgets. On or before November 1, the Manager is to prepare and deliver to the Authority and its designees and consultants, a Proposed Operating Plan and Budget, including a proposed room rate schedule, and a Proposed Capital Budget, for the next ensuing

Operating Year. Proposed Budgets are subject to the review and approval process described below under “—Approval of Pricing and Budgets.”

Preparation Standards. Each Proposed Operating Plan and Budget is subject to the provisions of the Management Agreement described in “—Hotel Consultant” below. In addition, the Manager and the Authority agree that each Proposed Operating Plan and Budget and Proposed Capital Budget is to be prepared (a) giving due consideration to all relevant factors, including existing market and economic conditions, operation of the Hotel in a manner consistent with the Operating Standards and the Room Block Agreement; (b) in accordance with the Manager’s standard planning and budgeting requirements applicable to most Other Hyatt Hotels; and (c) in the form used by the Manager at most Other Hyatt Hotels at the time of preparation of the applicable budget.

Required Information and Projections. Each Proposed Operating Plan and Budget is required to include: (a) annualized projections and monthly estimated results of operations of gross operating revenue, operating expenses, gross operating profit and net operating income; (b) a complete cashflow forecast depicting monthly source and use of cash and a schedule of any anticipated expenditures to be made for each month from certain Funds held by the Trustee under the Indenture; (c) if the Proposed Operating Plan and Budget will result in a Debt Service Coverage Ratio of less than the Debt Service Coverage Requirement, a detailed explanation as to why the Manager has not budgeted to attain such ratios; (d) for each month, estimates of total labor costs, occupancy and average room rates and all Allocable Chain Expenses and System Costs if available to the Manager; and (e) a marketing plan.

Approval of Pricing and Budgets.

(a) *Approval of Pricing.* Pursuant to the Indenture, the Authority has agreed that it will not disapprove of any changes to the Pricing proposed by the Manager so long as certain conditions are satisfied. The provisions of the Indenture described under this caption have been incorporated in the Management Agreement as required by the Indenture. These provisions do not apply to the Room Block Agreement.

(b) *Approval of Budgets.* The Authority and the Manager are to meet within 15 days after the Authority’s receipt of the Proposed Operating Plan and Budget and Proposed Capital Budget for the next ensuing Operating Year. At such meeting (i) the Authority is to provide to the Manager the expected Net Debt Service in order to permit the Manager to project the Debt Service Coverage Ratio; and (ii) the Manager is to provide to the Authority any revisions to its Proposed Operating Budget and Proposed Capital Budget. If the Authority and the Manager are unable to agree upon a Proposed Operating Plan and Budget and Proposed Capital Budget for an Operating Year within 15 days after such initial 15-day period, then within 10 days after the expiration of such second 15-day period, the Authority is to deliver to the Manager the Authority’s objections to the Proposed Operating Plan and Budget and Proposed Capital Budget. If the Authority fails to deliver to the Manager its approval or disapproval of a Proposed Operating Plan and Budget and Proposed Capital Budget within such 10-day period (or an extension thereof), then such Proposed Operating Plan and Budget and Proposed Capital Budget are deemed the approved Operating Plan and Budget and approved

Capital Budget for the applicable Operating Year, until the Authority objects. Any Authority objections are to include the items disapproved (including objections of a Hotel Consultant). During the 15-day period following the Manager's receipt of the Authority's items of disapproval, the Authority and the Manager are to meet to discuss such items. Within five days after the expiration of such third 15-day period, the Manager is to submit to the Authority (and any designee or consultant) a revised Proposed Operating Plan and Budget and Proposed Capital Budget incorporating agreed upon revisions. If the Parties do not agree upon such revisions and such revisions are not based upon the Authority's objections as described in "—Budget Review Standards" below, the Authority is to retain a Hotel Consultant to review the matter(s) in dispute and recommend a resolution to such dispute. If the Parties do not agree upon such resolution, then either Party may request arbitration as set forth in the provisions of the Management Agreement described below under "—Arbitration."

Budget Review Standards. The Authority has the right to object to any aspect of any Proposed Operating Plan and Budget and/or any Proposed Capital Budget if: (a) the objection or change would not materially (i) interfere with Manager's operation of the Hotel under the Operating Standards, (ii) impair the Manager's ability to achieve a Performance Test, or (iii) interfere with the Manager's fulfillment of its agreements and responsibilities under the Management Agreement; and (b) among other reasons, (i) the Proposed Operating Plan and Budget is not consistent with the Room Block Contracts entered into for the ensuing Operating Year; (ii) as to a Proposed Capital Budget, there are not Sufficient Funds available to make the proposed Capital Improvement set forth therein; (iii) the achievement of the Proposed Operating Plan and Budget will result in a Debt Service Coverage Ratio of less than the Debt Service Coverage Requirement; or (iv) as to a Proposed Capital Budget, any proposed upgrades to the quality of the facilities of the Project would (A) be imprudent based upon a weighing of the costs and benefits to the Project of the upgrades; or (B) render funds in the Senior FF&E Reserve/CapEx Reserve Fund, the Subordinate FF&E/CapEx Reserve Fund, the Operating Reserve Fund or the Cash Trap Funds inadequate for other necessary FF&E and Capital Expenses or funding of other amounts as contemplated by the Management Agreement or an existing approved Capital Budget.

Arbitration of Proposed Budgets. If the Parties, despite their good faith efforts, are unable to reach final agreement on the Proposed Operating Plan and Budget and/or the Proposed Capital Budget for an Operating Year by January 15 of such Operating Year, either Party or the Trustee may, by delivering notice of its requirement for arbitration by January 30 (each such notice, an "Arbitration Request"), require that the matter(s) in dispute be submitted to arbitration as described below under "—Alternative Dispute Resolution Required," except that disputes involving items described above under "—Budget Review Standards" may not involve arbitration.

If neither Party nor the Trustee delivers an Arbitration Request by the required date, the rights to arbitrate the matters in dispute are waived and the Proposed Operating Plan and Budget and the Proposed Capital Budget for the applicable Operating Year are deemed to be the Operating Plan and Budget and Capital Budget. Any Operating Expense line item that is in dispute in the Proposed Operating Plan and Budget may not be greater than the amount of the actual Operating Expenses incurred for such line item during the Operating Year preceding the

Operating Year covered by the Proposed Operating Plan and Budget subject to increase based upon the percentage change in the Index.

If either Party or the Trustee timely delivers an Arbitration Request regarding the Proposed Operating Plan and Budget or the Proposed Capital Budget, until the arbitrator issues its decision regarding the disputed items, (a) the Proposed Operating Plan and Budget is to govern the areas of operations not in dispute and the prior year's Operating Plan and Budget is to govern the areas in dispute, except that the disputed items are to be calculated in the amount achieved or incurred in the prior Operating Year increased by the greater of 3% or the percentage change in the Index; and (b) the Proposed Capital Budget is to govern the areas not in dispute and the Manager may not incur a Capital Expense or purchase FF&E for a disputed Capital Improvement included in the Proposed Capital Budget.

Permitted Variations From Budget. During the Operating Term, the Manager (a) is to use commercially reasonable efforts to operate within each approved Operating Plan and Budget and approved Capital Budget; and (b) may not substantially deviate from the budgeted Capital Expenses and FF&E in an approved Capital Budget unless the Manager obtains the prior consent of the Authority (a deviation in excess of \$100,000 in total Capital Expenses is substantial), except that the Manager is entitled to reallocate up to 10% of the Capital Budget to one or more line items in the Capital Budget so long as the remaining dollars in those line items from which such 10% is removed are sufficient to complete the work contemplated by those line items. The Manager is to submit monthly cash flow forecasts to the Authority to reflect any significant adjustments to the approved Operating Plan and Budget or Capital Budget caused by an Emergency or a lack of Sufficient Funds.

Characteristics of Budgets. The Authority acknowledges that (a) the Operating Plan and Budget is intended by the Manager to be a reasonable estimate of income and expenditure only; (b) the Manager does not give any guarantee, warranty or representation in connection with any Operating Plan and Budget, other than preparation in good faith; and (c) a failure of the Project to achieve any Operating Plan and Budget will not in and of itself constitute an Event of Default or breach by the Manager under the Management Agreement. The acknowledgment is not a limitation on (i) the Manager's obligations (A) to use commercially reasonable efforts to operate within the approved Operating Plan and Budget and the Capital Budget; or (B) to obtain the Authority's approval prior to making expenditures that exceed in the aggregate the amount of the approved or authorized Capital Budget by more than 10%; or (ii) the Authority's right to terminate the Management Agreement, including by reason of a Performance Termination Event or an Event of Default under the Management Agreement.

Hotel Consultant. The Manager acknowledges that the Authority is to appoint a Hotel Consultant under each of the following circumstances, such appointment to occur not later than 30 days after the pertinent Proposed Operating Plan and Budget, Monthly Report or audited annual financial statements are received: (a) if the Proposed Operating Plan and Budget will not result in the Debt Service Coverage Requirement being met; (b) if the actual Senior Debt Service Coverage Ratios for any four consecutive quarters is less than the Debt Service Coverage Requirement; and (c) if the audited annual financial statements reflect that the Debt Service Coverage Requirement was not achieved. In each circumstance, the Hotel Consultant is to be appointed to make recommendations, no later than 60 days after it has been engaged, as to the

operation, management, marketing, improvement, condition or use of the Hotel that the Hotel Consultant believes could result in satisfying the Debt Service Coverage Requirement or improving the total amount of Net Revenues available to pay Debt Service consistent with the Operating Standards.

The Authority is to deliver the Hotel Consultant's report to the Manager, the Trustee and the Asset Manager within three Business Days of receipt thereof by the Authority. The Manager and the Asset Manager are to review such report and recommendations. The Manager is to implement all of the Hotel Consultant's recommendations except those that (a) require an expenditure of funds greater than the amount available for such purpose under the Indenture; (b) compromise the Operating Standard; or (c) could, in the opinion of Bond Counsel, adversely affect the tax-exempt status of the interest on the Bonds. Also, if the Manager believes it is not in the best interests of the Project to implement any of such recommendations, it is not required to do so unless the Senior Debt Service Coverage Ratio is less than 1.20:1.00 for the prior eight consecutive calendar quarters. In such case, the Manager is to implement the recommendations unless it receives a related waiver from the Controlling Party. The fees and expenses of the Hotel Consultant are to be paid from amounts in the Cash Trap Fund.

FF&E and Capital Expenses

During the Operating Term, the following provisions apply as to the maintenance, repair and improvement of the Project.

Generally. The Project is to be maintained, repaired and improved by the Manager, as a Project expense from the appropriate Fund as described in the Cash Management Agreement and the Indenture, in accordance with the related Capital Budget for operation of the Hotel under the Operating Standard.

Funds for Capital Expenses and FF&E. The Trustee is required (subject to the Indenture) to set aside from Available Revenues on a monthly basis (in arrears) the Senior FF&E/CapEx Set Aside Amount into the Senior FF&E/CapEx Reserve Fund and the Subordinate FF&E/CapEx Set Aside Amount into the Subordinate FF&E/CapEx Reserve Fund. To the extent amounts in the Senior FF&E/CapEx Reserve Fund and the Subordinate FF&E/CapEx Reserve Fund are not expended within the calendar year in which the deposits occurred, such amounts are to be accumulated for expenditure in future years, but any such amounts may not be credited against the amount of the related Fund set aside for the next Operating Year. The Manager may not incur FF&E or Capital Expenses that exceed an approved Capital Budget, except for (a) FF&E or Capital Expenses incurred in connection with an Emergency; (b) FF&E or Capital Expenses clearly and expressly permitted under the Management Agreement without Authority approval; or (c) FF&E or Capital Expenses incurred with the Authority's prior approval.

Use of Senior FF&E/CapEx Reserve Fund, Subordinate FF&E/CapEx Reserve Fund, Operating Reserve Fund and Cash Trap Funds for FF&E and Capital Expenses. The Senior FF&E/CapEx Reserve Fund and the Subordinate FF&E/CapEx Reserve Fund are to be used to fund FF&E and Capital Expenses included in the Capital Budget or otherwise as authorized by the Management Agreement or preapproved by the Authority. These Funds are also available to

pay Debt Service on the Series 2016 Bonds to the extent set forth in the Indenture and the Management Agreement. The Manager may use the Cash Trap Funds, the Subordinate FF&E/CapEx Reserve Fund, the Senior FF&E/CapEx Reserve Fund and the Operating Reserve Fund, in that order, for unbudgeted Capital Emergency Expenses (with prior notice to the Authority) or, under limited circumstances, to comply with Legal Requirements. See also “SECURITY FOR THE SERIES 2016 BONDS—Trust Funds; Flow of Funds.”

Defective and Dangerous Conditions. If the design or construction of the Project is defective and the defective condition causes damage to the Project, poses a risk of injury to people or property, or is not in material compliance with one or more Legal Requirements, any amounts expended by the Authority with regard to this demand are to be paid out of the Cash Trap Funds and, if the Cash Trap Funds are insufficient, are to be paid out of the following funds in the following order of priority: the Subordinate FF&E/CapEx Reserve Fund, the Senior FF&E/CapEx Reserve Fund and the Operating Reserve Fund. Any recovery which the Authority receives from any party on account of such amounts is to be deposited into the Funds from which moneys were withdrawn in order to cure the defective condition (in the reverse order as the moneys were withdrawn).

Authority’s Source of Funds for FF&E and Capital Expenses.

(a) The Authority’s obligations to provide funds for FF&E and Capital Expenses are limited to funds in the Subordinate FF&E/CapEx Reserve Fund, the Senior FF&E/CapEx Reserve Fund, the Operating Reserve Fund, and the Cash Trap Funds; and

(b) The availability of funds for FF&E and Capital Expenses or any other, expenses are limited to the extent provided in the Indenture. The Manager is to exercise commercially reasonable efforts consistent with the Operating Standards to, schedule and budget for FF&E and. Capital Expenses so that funding therefor may be provided solely from the Senior FF&E/CapEx Reserve Fund and the Subordinate FF&E/CapEx Reserve Fund (to the extent available under the Indenture).

Books and Records; Financial Statements; Continuing Disclosure

Books and Records. The Manager is to cause books of account, front office records, guest information and other records normally prepared and maintained at most Other Hyatt Hotels to be prepared to reflect the operation and the results of operations of the Project. All such books of account and records are required to be (a) kept in accordance with Generally Accepted Accounting Principles and the Uniform System of Accounts; and (b) reported in the format that Hyatt uses for most Other Hyatt Hotels and include such additional information required by the Indenture, in the Continuing Disclosure Undertaking and by the Authority, the Trustee or the Mortgagee. All of the financial books and records (but not Manager’s Proprietary Information and certain other employee records and Other information) pertaining to the Project, including books of account, front office records and guest records and information, are the property of the Authority.

Monthly/Year-to-Date Reports. The Manager is to cause to be prepared and delivered to the Authority monthly and year-to-date operating reports containing specified information (the “Monthly Reports”). The Monthly Reports are to reflect operational results for the current month and the preceding months of the current Operating Year. Upon request of the Asset Manager made not more than one time each Operating Year, the Manager is to have performed an evaluation of the Project in accordance with the standards set forth in the Management Agreement or with a different system of evaluation consistent with the program utilized at most Other Hyatt Hotels.

Annual Certified Hotel Statements. Within 90 days after the end of each Operating Year, the Manager is to have prepared and delivered to the Authority, as an Operating Expense, Certified Hotel Statements for the Project.

The Authority’s Audit Rights. The Authority and the Trustee may (a) audit and verify the unaudited books and records of the Project and the operations of the Project upon notice to the Manager; and (b) conduct spot audits or examinations at the Project without prior notice. The Manager is to cooperate with the Authority, the Trustee and its auditors in connection with such audit and promptly make available all requested information. If gross operating revenue or net operating income as set forth in the Manager’s operating reports are found to be fraudulently understated or fraudulently overstated by more than 3.00%, the Manager must immediately pay to the Authority the cost of such audit, as well as correct the misstatements. If the Manager is not responsible for the cost of the audit such cost is to be funded from the Cash Trap Funds. Any insufficiency in the Cash Trap Funds is to be funded first from the Operating Reserve Fund and then from the Lockbox Fund as an Operating Expense. The costs of such audit may not be included in the calculation of any Performance Test.

Personnel

During the Operating Term, the Manager is to manage all aspects of the Project’s human resources functions and implement at the Project the personnel policies and procedures applicable to Other Hyatt Hotels; its rights and responsibilities in this regard being outlined in detail in the Management Agreement. Subject to the Authority’s rights to approve certain Executive Committee Personnel, the Manager is to recruit, hire, relocate, pay, supervise, promote, discipline and dismiss all Hotel Personnel (including, without limitation, Executive Committee Personnel) with the understanding that all Hotel Personnel are to be the employees of the Manager, and not the Authority.

None of the Hotel Personnel are considered employees of the Authority, the City or the Trustee. All Hotel Personnel Costs are Operating Expenses and the responsibility of the Authority. The Manager is to pay all Hotel Personnel Costs and reimburse itself from the Lockbox Fund. See “—Payment of Operating Expenses” below.”

The Manager is responsible for any negotiation of collective bargaining agreements and all other personnel matters, including the administration of an Eligible Employee Bonus Pool to be provided through the Eligible Employee Bonus Pool Fund within the limitations set forth in detail in the Management Agreement.

Chain Services and System Services

Generally. The Manager is to furnish or cause its Affiliates to furnish to the Hotel the benefits of the Chain Services and System Services set forth in detail in the Management Agreement. The Authority agrees that the Manager may in its discretion cause the Hotel to participate in any or all such Chain Services and System Services.

Required Representations. In connection with, and as a condition to providing Chain Services and System Services, the Manager makes certain representations and warranties in the Management Agreement concerning the amounts charged for Chain Services and System Services, and indemnifies and holds harmless the Authority, the Trustee and the Registered Owners of the Bonds from and against any and all damages, expenses, liabilities or obligations that arise out of a breach of any such representations and warranties.

Required Accounting. By June 1 after the end of each Operating Year (or a later agreed, date), the Manager is to furnish to the Authority and the Trustee certain statements from an independent public accountant including that the Hotel's allocated share and each Other Hyatt Hotel's allocated share of Allocable Chain Expenses and amount of its contribution to the Gold Passport System fund were determined using such formula and such Allocable Chain Expenses and Gold Passport System Costs charged to the Hotel do not include any indirect or direct profit to the Manager or any of its Affiliates that exceeds 5% of the total Management Fee for the preceding Operating Year. The Manager indemnifies and holds harmless the Authority, the Trustee and the Registered Owners of the Bonds from and against any and all damages, expenses, liabilities or obligations that arise out of the Manager receiving any direct or indirect profit.

Hotel Marketing Program; Automation; Purchasing

Hotel Marketing Program. In addition to affiliating the Hotel with the Coordinated Marketing Services, the Manager is to, for no additional fee or compensation, develop and implement a specific marketing program for the Hotel, following the Manager's policies and guidelines and providing for the planning, publicity, internal communications, organizing and budgeting activities to be undertaken, including certain stated activities. Development and implementation of the Hotel's individual marketing program is to be accomplished substantially by Hotel Personnel, with periodic assistance from Corporate Personnel with marketing sales expertise. The cost of the development and implementation of the Hotel's marketing program is an Operating Expense and the estimated costs for each Operating Year are to be included in the related Operating Plan and Budget.

Automation. The Hotel is to utilize all information and technology systems necessary to enable the Hotel to function as any Other Hyatt Hotel.

Purchasing. The Manager may purchase inventories and consumable and operating supplies under the purchasing program of the Manager and its Affiliates and is to use commercially reasonable efforts to purchase products at the lowest price while taking into consideration other factors, such as quality, service, time of delivery and payment terms.

Hotel Parking

The Manager may designate a number of parking spaces within the Garage to be used by guests of the Hotel as valet service and is to make parking spaces that are not needed for Hotel use available for use by the public so as to maximize profits of the Project. The Manager is to operate and maintain the Garage and, upon the satisfaction of certain stated conditions may engage a third-party parking manager to manage and operate the Garage. So long as the Manager is paying the parking management fee, the engagement of a third-party parking manager will not reduce the Management Fee of the Manager. All revenue generated by the Garage is to be included in Gross Operating Revenues and all expenses incurred in connection with the management and operation of the Garage is to be included in Operating Expenses.

Compliance With Legal Requirements

The Manager agrees to do or cause to be done all such acts and things in or about the Project that the Manager, in good faith and exercising prudent commercial judgment, believes to be necessary to comply with Operational Legal Requirements and Approvals.

In connection with the operation of the Project, so long as the Economic Development Agreement has not terminated and the City has not otherwise waived such requirements, the Manager agrees to (a) comply with the City's Living Wage Ordinance; (b) comply with the City's Development and Utilization of Small Business Enterprises Ordinance; (c) work with the Mayor's Office of Workforce Development and other designated agencies to carry out the First Source Hiring Program designated to provide employment opportunities to Denver residents; (d) not refuse to hire, discharge, promote or demote, and not discriminate in matters of compensation against any person otherwise qualified, solely because of race, color, religion, national origin, gender, age, military status, sexual orientation, marital status, or physical or mental disability (this clause is to be inserted in all contracts to which the Manager is a party for each contractor, subcontractor and vendor which provides services on-site at the Project); or (e) cooperate and comply with the provisions of Executive Order 94 of the Mayor of the City concerning the use, possession or sale of alcohol or drugs.

Certain Limitations on Manager's Duties, Obligations and Rights

The Manager's obligations, duties, covenants, agreements and responsibilities under the Management Agreement that require the expenditure of funds for the performance thereof, and which, under the provisions of the Management Agreement are to be funded from amounts held by the Trustee or the Depository Bank under the Indenture or Cash Management Agreement are subject to Sufficient Funds being available to the Manager.

The Manager does not make any warranty or representation regarding the advisability, nature, or extent of the insurance coverages provided by the Manager for the benefit of the Project and/or the Authority or any other insurance coverages that the Authority should consider for the protection of the Project and its operations.

The Manager does not guarantee the accuracy of any financial projections and budgets prepared by it under the terms of the Management Agreement.

If any environmental, construction or real-property related problem exists at the Project during the Operating Term and occurs or arises solely out of activities undertaken (a) prior to the Required Opening Date at the Hotel or on the Site; or (b) after the Required Opening Date and caused by persons or entities other than the Manager, Hotel Personnel, their agents or contractors or persons or entities providing services on the Site, the Manager's management services under the Management Agreement does not extend to management of any abatement or other correction of such problems, other than abatement and correction which costs \$350,000 or less, and the oversight of and coordination with any environmental consultant. Manager agrees to cooperate with Authority relating to any such abatement and correction which costs in excess of \$350,000. The cost to correct and abate any such problems are to be funded as an Operating Expense up to \$20,000, and thereafter are to be funded from the Cash Trap Funds. If the Cash Trap Funds are not sufficient to pay all such costs, then the deficiency is to be paid from the Operating Reserve Fund. Except with respect to any environmental matters or matters relating to construction deficiencies at the Project or other items which the Program Manager is responsible for under the Program Management Agreement, if the Manager determines that any such problem materially impairs or has the capacity to materially impair operations at the Project, the Manager has the right and the obligation to consult with the Authority in pursuit of solutions to such problem and Manager may elect, at its option and if approved by the Authority, to assume management of such problem as part of its management duties and responsibilities for no additional compensation.

Management Fee

Obligation for Management Fee. The Authority is required to pay, for each Operating Year, a "Management Fee," which is the sum of the Base Management Fee, the Subordinate Management Fee and the Supersubordinate Management Fee.

In addition, the Manager is entitled to the Eligible Employee Bonus Pool. Except for the Management Fee, Eligible Employee Bonus Pool, Allocable Chain Expenses, System Costs and Reimbursable Expenses, the Manager is not entitled directly or indirectly to any other fees or compensation under the Management Agreement. All such fees, except for the Subordinate Management Fee and the Supersubordinate Management Fee, are to be treated as Operating Expenses.

Base Management Fee. The "Base Management Fee" means that portion of the Management Fee designated as such in the Management Agreement. The Base Management Fee will be calculated as a percentage of the prior month's Gross Operating Revenues, payable monthly.

Subordinate Management Fee. The "Subordinate Management Fee" means that portion of the Management Fee designated as such in the Management Agreement. The Subordinate Management Fee will be calculated as a percentage of the prior Operating Year's Gross Operating Revenues, assuming Gross Operating Revenues equal or exceed certain thresholds for such Operating Year. Any Subordinate Management Fee owed to the Manager will be payable

at the beginning of each Operating Year from amounts then on deposit in the Subordinate Management Fee Fund.

Supersubordinate Management Fee. The “Supersubordinate Management Fee” means that portion of the Management Fee designated as such in the Management Agreement. The Supersubordinate Management Fee will be calculated as a percentage of the prior Operating Year’s Gross Operating Revenues, assuming Gross Operating Revenues equal or exceed certain thresholds for such Operating Year. Any Supersubordinate Management Fee owed to the Manager will be payable at the beginning of each Operating Year from amounts then on deposit in the Supersubordinate Management Fee Fund.

Allocable Chain Expenses and System Costs

Hotel’s Share of Allocable Chain Expenses and System Costs. The Manager and its Affiliates are to be paid for the Hotel’s pro rata share of Allocable Chain Expenses and System Costs, determined and allocated as provided in the Management Agreement and, if not so provided, in the same manner as is the pro rata share for Other Hyatt Hotels other than those that deviate from the normal practice. If equipment and/or software are installed and maintained at the Hotel in connection with the provision of any Hyatt Program, the costs thereof are to be paid subject to applicable approved Operating Plan and Budget or Capital Budget.

Payment of Chain Expenses and System Costs. The Chain Expenses and System Costs are to be paid monthly in arrears during the Operating Term as an Operating Expense. Each time the Manager withdraws funds pursuant to the Cash Management Agreement for the payment of Chain Expenses and System Costs, the Manager is deemed to have made certain required representations.

Reimbursable Expenses

Reimbursable Expenses Defined. Subject to the provisions of the Cash Management Agreement, the Indenture and the applicable Operating Plan and Budget, the Manager may reimburse itself from the Lockbox Fund for all reasonable direct out of pocket expenses, including certain specifically enumerated expenses, paid to non-Affiliates (and, if permitted, Affiliates of the Manager) incurred in the ordinary course of managing the Hotel (collectively, “Reimbursable Expenses”). The Manager is to keep records of all Reimbursable Expenses.

Payment of Reimbursable Expenses. Reimbursable Expenses are to be paid as Operating Expenses under the Cash Management Agreement, subject to the Management Agreement. Any Reimbursable Expenses in excess of amounts available in the Lockbox Fund are to be paid to the Manager from the Operating Reserve Fund (and, if the Operating Reserve Fund is insufficient, from the Cash Trap Funds) within 30 days after the Manager requests such payment. If there are not sufficient funds in the Operating Reserve Fund and the Cash Trap Funds within the required 30-day period, any amounts not paid are to bear interest until paid.

Required Representations. In connection with and as a condition to being paid Reimbursable Expenses, the Manager makes certain representations and warranties in the

Management Agreement and indemnifies and holds harmless the Authority, the Trustee and the Registered Owners of the Bonds from and against any and all damages, expenses, liabilities or obligations that arise out of a breach of any such representations and warranties.

Establishing Clearing Bank Account

The Manager has established an account or accounts for settling electronic transactions for the Project effected with bank and non-bank credit cards. The Manager is to promptly deposit during each Business Day all Gross Operating Revenue (in excess of the Petty Cash Amount retained at the Project) into the Clearing Bank Account. The Manager shall transfer funds in the Clearing Bank Accounts at the end of each Business Day into the Lockbox Fund.

Operating Costs Set Aside Amount and Operating Reserve Fund

The Manager is to have access to the Operating Costs Set Aside Amount on deposit in the Lockbox Fund as provided in the Cash Management Agreement and access to amounts on deposit in the Operating Reserve Fund as provided in the Indenture.

Payment of Operating Expenses

The Manager has the right to withdraw funds from (a) the Lockbox Fund solely to pay Operating Expenses (including the Base Management Fee and the Eligible Employee Bonus Pool (if not paid from the Eligible Employee Bonus Pool Fund), Short Term Indebtedness, Excluded Taxes and Other Charges and Pass Through Costs), or for permitted deposits to the Excluded Taxes and Pass Through Costs Fund and the Eligible Employee Bonus Pool Fund; (b) the Excluded Taxes and Pass Through Costs Fund solely for the purpose of paying Excluded Taxes and Other Charges, and Pass Through Costs (to the extent amounts for such purposes have been deposited to such Fund); and (c) the Eligible Employee Bonus Pool Fund solely for the purpose of paying the Eligible Employee Bonus Pool; subject to the Management Agreement, the Cash Management Agreement, the Indenture and the Trustee's security interest in the Lockbox Fund. The Manager is to establish controls reasonably satisfactory to the Authority to ensure control over and accurate reporting of all transactions involving such accounts. The administration of all such accounts are to be subject to the requirements of any Mortgagee.

Limitation on the Authority's Obligations

The Authority agrees to use commercially reasonable efforts to enforce the Trustee's obligations under the Indenture. The Manager agrees that, so long as any Bonds remain Outstanding, the only funds the Authority is obligated to use to pay any sums due under the Management Agreement are the following (and then only to the extent such funds are available to so pay and subject to the limitations in, and the rights of the Trustee under, the Bond Documents): (a) the Operating Costs Set Aside Amount to be used solely to pay Operating Expenses; (b) Gross Operating Revenues; and (c) insurance and condemnation proceeds received for events that occur during the Operating Term. The Authority recognizes that the Manager's remedy at law for damages is inadequate and agrees that the Manager has the right to seek any

equitable action including temporary restraining orders and injunctive relief to enforce the Authority's obligations under the Management Agreement.

Term

Unless sooner terminated under the provisions of the Management Agreement described below, the term of the Management Agreement is through December 1, 2035.

Events of Default by the Manager

An Event of Default by the Manager occurs if and only if:

(a) The Manager breaches or fails to perform any of its covenants or agreements under the Management Agreement and fails to cure such breach or failure within 30 days after notice from the Authority, the Trustee or the Asset Manager specifying the breach or failure to perform, however, if more than 30 days is required to remedy such breach or failure, the Manager has an additional 90 days to cure so long as it is diligently pursuing such cure and such cure is likely to occur within such 90 days.

(b) The Manager fails to pay, within 30 days from the date any penalties, interest or additional amounts attach thereto (so long as no lien or other restriction is imposed upon the Project or there would be an adverse effect on the Project during such 30 days), Taxes, Gross Receipts Taxes, or withholding or other employment related taxes (unless Sufficient Funds are not available or made available to the Manager therefor), however, if the Manager is contesting the amount of such items in good faith, the Manager may withhold payment of the disputed amount until the earlier of 120 days after the payment's due date or the date on which the failure to make full payment would result in the assessment of interest or penalties or the imposition of a lien or other restriction upon the Project, or would otherwise have an adverse effect upon the Project or the Authority.

(c) The Manager fails to pay Insurance Costs for a period of 30 days after the date due or permits the insurance coverages required by the Management Agreement to lapse for any reason, including failure to pay such Insurance Costs (unless Sufficient Funds are not available or made available to the Manager therefor).

(d) The Authority determines, after consultation with Bond Counsel, that, due to the Manager's actions, the Management Agreement does not constitute a Qualified Management Agreement, however, if such actions can be cured within 30 days of notice thereof to the Manager and Bond Counsel is of the opinion that the interest on the Bonds will not be includible in gross income for federal income tax purposes during such 30 days, the Manager has 30 days to cure such default.

(e) The Manager defaults under the Room Block Agreement or, prior to the Opening Date, the Manager defaults under the Pre-Opening Services Agreement or the Technical Services Agreement, beyond any applicable grace periods set forth therein.

(f) The Manager fails to pay amounts due to the Authority (including any amounts owed under an indemnity, hold harmless or reimbursement clause in the Management Agreement) and such failure continues for 30 days after the Manager receives notice thereof.

(g) The Manager fails to deposit cash receipts, checks, money orders and the like into the Clearing Bank Accounts as soon as is reasonably practicable but in no event may such failure continue for a period of five Business Days.

(h) Any representation or warranty made by the Manager in the Management Agreement is false or misleading in any material respect and there is no reasonable action the Manager could take to cause, or if such a reasonable action exists and the Manager fails to have caused, such representation or warranty to be true, correct and not misleading in all material respects within 30 days after receiving notice thereof.

(i) The Manager makes a representation or warranty under the Management Agreement knowing such representation or warranty is not true or is misleading in a material respect and as a result thereof the Authority or the Trustee suffers damage.

(j) The Manager assigns the Management Agreement or any of its rights thereunder in violation of the provisions thereof.

(k) The Manager fails to continuously operate the Hotel during the Operating Term, seven days a week, 24 hours a day, unless the failure to continuously operate did not occur by reason of any of the following: (i) Force Majeure Event or major renovation projects; (ii) lack of Sufficient Funds for (A) Operating Expenses; (B) Capital Expenses for budgeted Capital Improvements and FF&E, unbudgeted (but approved) Capital Improvements or an Emergency; (C) Taxes, Excluded Taxes and Other Charges (to the extent the Manager has deposited in the Lockbox Fund collections attributable to such Excluded Taxes and Other Charges); or (D) Insurance; (iii) an Event of Default by the Authority; (iv) breach by the Authority of its obligations under the Management Agreement, or a breach by Trustee of the agreements and obligations benefiting the Manager pursuant to the Indenture; or (v) a failure, revocation, lapse, nonissuance, nonreissuance or nonrenewal of a Certificate of Occupancy not due to the Manager's Negligent or Willful Acts (the Manager's good faith compliance with any Certificate of Occupancy does not constitute the Manager's Negligent or Willful Acts); provided that the closing of the shops, restaurants and lounges after normal business hours does not constitute an Event of Default.

(l) Any of the Liquor Licenses are revoked or terminated and are not fully restored within 30 days thereafter.

(m) Any of the following occur or exist: (i) the Manager files a voluntary case concerning itself under the Bankruptcy Code; (ii) the Manager consents to the filing of an involuntary petition or an involuntary case is filed against the Manager under the Bankruptcy Code, and such involuntary case is not dismissed within 90 days after the filing thereof; (iii) the appointment of a custodian or a receiver for, or a custodian or

receiver taking charge of all or any substantial part of the property of the Manager, and such appointment is not revoked or dismissed within 90 days after such appointment is made; (iv) the Manager commences any proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect, or any such proceeding is commenced against the Manager and is not dismissed within 90 days after the commencement thereof; (v) the Manager is adjudicated insolvent or bankrupt; (vi) the Manager makes a general assignment of its assets for the benefit of creditors; (vii) the Manager calls a general meeting of substantially all of its creditors to arrange a composition or adjustment of its debts; (viii) any substantial part of the property of the Manager is attached, and such attachment or levy is not released within 90 days thereafter; (ix) the Manager indicates its consent to, approval of, or acquiescence, in any of the foregoing; or (x) if the Manager is a corporation or partnership, the Manager takes any corporate or partnership action to effect any of the foregoing.

If the cure periods provided to the Authority under the Indenture with respect to the types of Events of Default described above are less than the cure periods granted in the Management Agreement, the cure periods granted therein are reduced to be 15 days less than the cure periods under the Indenture. In no event may the cure periods granted in the Management Agreement be for a period of less than one day. The Manager is to keep the Authority and the Asset Manager informed of all actions the Manager is taking in order to cure a breach or failure and to satisfy the requirements regarding commencing, pursuing and curing the applicable breach or failure, including, without limitation, satisfaction of time lines regarding the proposed cure and satisfaction of the curative procedure and steps.

Events of Default by the Authority

An Event of Default by the Authority occurs if and only if:

(a) the Authority breaches or fails to perform any of its covenants or agreements under the Management Agreement and fails to cure such breach or failure within 30 days after notice from the Manager specifying the breach or failure to perform, however, if more than 30 days is reasonably required to remedy such breach or failure, the Authority has an additional 90 days to cure so long as it is diligently pursuing such cure;

(b) the Authority fails to timely pay any money to the Manager due under the Management Agreement (including any amounts owed under an indemnity, hold harmless or reimbursement agreement) and such failure continues for 30 days after the Manager delivers notice thereafter; and

(c) any representation or warranty made by the Authority under the Management Agreement is false or misleading in any material respect and there is no reasonable action the Authority could take to cause, or if such a reasonable action exists and the Authority fails to have caused, such representation or warranty to be true, correct and not misleading in all material respects within 30 days after receiving notice thereof

and in either case, the Manager is materially damaged as a result of such false or materially misleading representation or warranty.

Rights and Remedies of Non-Defaulting Party

Remedies. Upon the occurrence of an Event of Default by the Manager or the Authority, the non-defaulting Party has the rights, but not the obligations, to (a) terminate the Management Agreement by giving notice to the other Party specifying a date, no earlier than 65 days and no later than 120 days after such notice, when the Management Agreement is to terminate; and (b) pursue all other remedies available to it under applicable law. If the Manager delivers any notice to the Authority, the Manager is to provide the Trustee with a copy of the notice and the Trustee has the right but not the obligation to cure any such default to the same extent and for the same period of time afforded to the Authority to cure such default under the Management Agreement, except as otherwise provided in the Hotel Assignment Agreement or the Subordination Agreement (as defined in the Management Agreement) then in effect. The Manager may not terminate the Management Agreement until the applicable cure period has elapsed and each default has its own cure period. If the Authority's default is one that cannot be cured by the Trustee's payment of money, then until the Trustee has obtained possession of the Hotel from the Authority or exercised such other remedy that would allow the Trustee to cure the Authority's defaults, the time period the Trustee has to cure the Authority's default is to be extended by the time necessary for the Trustee to obtain possession of the Hotel or take such action, plus a reasonable time thereafter (but not to exceed 90 days), so long as the Trustee is diligently pursuing such actions.

The Manager's Source of Payment. Any damages owed to the Manager by the Authority are to be satisfied solely out of the amounts in the Cash Trap Funds in excess of the Minimum Cash Trap Fund Amount.

Termination Payment. No Termination Fee is payable upon Termination for an Event of Default by the Manager, but a Termination Fee is payable to the Manager upon a Termination for an Event of Default by the Authority. So long as any Bonds are Outstanding, such Termination Fee is payable solely out of funds on deposit in the Cash Trap Funds prior to any other obligations being paid therefrom.

Performance Termination

Right To Terminate. The Authority also has the right to terminate the Management Agreement (with the Trustee's consent) in the event (each of the following being a "Performance Termination Event"):

(a) commencing with the fourth Operating Year, there has been a draw on amounts in the Senior Debt Service Reserve Fund which have not been fully replenished by the end of such Operating Year; or

(b) commencing with the sixth Operating Year, the Senior Bonds Performance Standard has not been met for two consecutive Operating Years.

Notwithstanding the preceding sentence, a Performance Termination Event will not occur for an Operating Year if either the GOP Performance Standard or the Yield Index Performance Standard have been met during such Operating Year.

Exceptions to Performance Termination Event. The Manager has the right, but not more than twice during the Term of the Management Agreement, to eliminate a Performance Termination Event if, for the applicable Operating Year, the Manager loans the amount to the Trustee for deposit in the Available Revenue Fund an amount equal to (a) the unreplenished draw on the Senior Debt Service Reserve Fund described in clause (a) above under “—Right To Terminate”; and (b) if the Senior Bonds Performance Standard has not been met as described in clause (b) above under “—Right To Terminate” the amount by which Net Operating Income would have needed to increase by in order to meet the Senior Bonds Performance Standard for the second Operating Year. Prior to making such loan, an Opinion of Bond Counsel that such loan will not cause the interest on the Bonds to be included in gross income of the holders thereof for federal income tax purposes is required to be delivered.

A Performance Termination Event does not exist if the Performance Termination Event in any Operating Year is caused primarily by any of the following: (a) the occurrence of a Force Majeure Event; (b) the Authority’s refusal to allow the Manager to make a Capital Improvement included in the approved Capital Budget; (c) an Event of Default by the Authority under the Management Agreement; (d) a latent defect in the construction of the Hotel if such latent defect is discovered and reported to the Authority by the commencement of the fifth Operating Year; (e) the Authority’s failure to require Program Manager to perform required warranty work in accordance with the Program Management Agreement; (f) the Authority’s refusal to disburse, or the Authority’s inability to cause the Trustee to disburse, funds in the Lockbox Fund or the Excluded Taxes and Pass Through Costs Fund held by the Trustee in order to pay Operating Expenses, Capital Expenses, fixed expenses, Taxes, Excluded Taxes and Other Charges or Insurance except that the Manager is estopped from claiming this exception if the Manager has failed to request such funds for the payment of such amounts; (g) major renovation to the Hotel contemplated by the Capital Budget which requires more than 35% of the guest rooms and/or more than 35% of the meeting areas and public space to be unavailable for a period of time in excess of 90 days, so long as such major renovation was not due to the Manager’s Negligent or Willful Acts or Manager’s Event of Default under the Management Agreement; (h) major disruptions in the operations of the Convention Center which causes the cancellation of group or convention business or otherwise prevents the booking of future group or convention business for a period of more than 90 days; or (i) failure by the City to make an Economic Development Payment.

The Manager has the burden of proof regarding the events described above. If the Authority disagrees that the Manager has met such burden of proof, then either Party or the Trustee may, by delivering notice, require that the matter be submitted to arbitration pursuant to the Management Agreement.

The Authority’s Exercise of Its Termination Rights. The Authority is to exercise its Termination rights, if at all, by giving notice to the Manager within 90 days following the scheduled deadline for the delivery of the Certified Hotel Statements for the Operating Year on

which the Termination is based. Any such notice must specify the effective date of Termination, to be no earlier than 90 days and no later than 365 days following the date of such notice.

Termination Upon Sale

Subject to certain stated provisions of the Management Agreement, if after December 31, 2026, the Authority or its successor-in-interest sells or transfers the Hotel or more than a 50% direct or indirect equity interest in the Authority or its successor-in-interest pursuant to a bona fide, arms-length transaction to a third party that is not an Affiliate of the Authority or its constituent owners immediately prior to such conveyance, the party acquiring the Hotel in such transfer has the right to terminate the Management Agreement by delivering notice to the Manager not more than 45 days prior, and not later than 60 days after, the conveyance, and in any event at least 65 days prior to the effective date of the Termination, selected by the Authority or the party acquiring the Hotel in its sole and absolute discretion. If such Termination notice is forwarded to the Manager prior to the closing of the sale and the sale does not occur for a reason other than an Event of Default by the Authority, the Authority is to withdraw the notice and the Management Agreement is to continue in full force and effect. If such party acquiring the Hotel does not elect to terminate the Management Agreement and: (a) is (or is an Affiliate of) a national or international chain manager of Upscale Hotels; (b) is generally recognized in the community as being of ill repute or is in any other manner a Person with whom a prudent businessperson would not wish to associate in a commercial venture or a Person that would be considered by regulators in the gaming industry to be an unsuitable business associate of the Manager and its Affiliates; or (c) does not have the ability to fulfill the Authority's financial obligations under the Management Agreement; the Manager has the right to terminate the Management Agreement and receive the Termination Fee.

If, at the time of the sale, the Manager is not in Default under the Management Agreement, a Performance Termination Event does not exist and either the purchaser or the Manager has delivered a notice of Termination, the Authority is to pay a Termination Fee to the Manager, calculated as provided in the Management Agreement.

Termination Upon Foreclosure

Except as otherwise provided in a Non-Disturbance Agreement, a Mortgagee (including Trustee) or any Foreclosure Purchaser has the right to terminate the Management Agreement upon the foreclosure of its Mortgage or upon acceptance of a deed-in-lieu of foreclosure. If the Management Agreement is so terminated by a Mortgagee, no Termination Fee is payable to the Manager. The Manager and the Authority intend that the Trustee and any such Foreclosure Purchaser and their respective affiliates be a third-party beneficiary to the foregoing provisions. Until the Manager is terminated, the Manager has the right to access moneys in the Funds held by the Trustee or the Depository Bank in the manner set forth in the Cash Management Agreement and the Indenture.

Actions To Be Taken on Termination

Upon Termination of the Management Agreement, the following apply, in addition to the rights of the non-defaulting Party to pursue all other available remedies:

Payment of Removal Expenses. Except in connection with a Termination by the Authority based upon a Performance Termination or an Event of Default by the Manager (in which case the following amounts are payable by the Manager), all actual Removal Expenses arising as a result of such Termination or the cessation of Hotel operations in an amount not to exceed \$250,000 (as adjusted annually by the Index) are to be reimbursed to the Manager on receipt of any invoice, including, expenses arising in connection with the severing of Hotel Personnel incurred by the Manager in the course of effecting the Termination or the cessation of Hotel operations.

Final Accounting. Within 45 days after Termination, the Manager is to provide to the Authority an accounting of all Management Fees, Allocable Chain Expenses, System Costs, Reimbursable Expenses and other payments due the Manager and within 15 days of the Authority's receipt of such accounting, the Authority is to pay the Manager all Management Fees, Allocable Chain Expenses, System Costs, Reimbursable Expenses and other payments due the Manager or provide the Authority's objections thereto. If the Authority disagrees with any amounts claimed by the Manager, the Authority is to meet with the Manager to resolve disputed amounts and if not resolved within 30 days, either Party may pursue resolution through arbitration. The Manager is to provide financial and other records related to the operation of the Hotel to the Authority through the date of Termination and continue to provide assistance to the Authority after Termination to the extent necessary for Certified Financial Statements to be prepared.

Vacating Hotel. The Manager is to vacate and surrender the Hotel to the Authority.

Books and Records. The Manager is to deliver to the Authority all of the books and records respecting the Hotel and all contracts, leases and other documents respecting the Hotel that are not the Manager's Proprietary Information or employee personnel files.

Licenses and Permits. Upon Termination of the Management Agreement, the Manager is to surrender and assign all licenses and permits held for the operation of the Hotel and cooperate with the Authority and any new owner of the Hotel to transfer existing licenses and permits or obtain new licenses and permits for the Hotel.

Honoring Reservation Dates. Subject to the Room Block Agreement, the Authority is to honor all business confirmed for the Hotel in the ordinary course of business with reservation dates after the Termination. However, the Authority has no obligation to honor rooms at nominal or free rates to the Manager's employees or members of the Hyatt Gold Passport Program or other Hyatt frequent guest programs unless reimbursement is provided by the Manager.

Assignment of Contracts. If requested by the Authority, the Manager is to assign to the Authority its interest, if any, in, and the Authority is to assume its continuing responsibility for all obligations and liabilities relating to, all contracts (including collective bargaining agreements (unless the Hotel withdraws from the collective bargaining agreement, in which event the Authority is responsible for any withdrawal fees, and other than Nonassignable Contracts), leases, licenses or concession agreements, and maintenance and service contracts) in effect with

respect to the Hotel as of the date of Termination. The Authority may further assign such interests to the Trustee.

Trademarks. If the Management Agreement is terminated, the Manager is to, at its cost, take all steps requested by the Authority to disassociate the Project and the Authority from the Trademarks.

Proprietary Software. Subject to making such items available during the Transition Period, as of the effective date of the Termination, the Manager is to remove all the Manager's Proprietary Software from the Hotel and disconnect the Hotel from the reservations systems and their related software applications. The Manager is to assist the Authority in the orderly transfer of the Authority's records and data contained in the Manager's Proprietary Software.

Special Provisions Regarding Foreclosure. Upon a Foreclosure Event, the Trustee can exercise its option to terminate the Management Agreement or to retain the Manager, exercising such option within 180 days after such foreclosure. During such 180-day period after a Foreclosure Event (therein, the "Transition Period"), if and only if requested by the Foreclosure Purchaser (promptly upon the commencement of the Transition Period), the Manager is to continue to manage and operate the Hotel on an interim basis pending the Foreclosure Purchaser's selection and engagement of a new Manager. As compensation for such interim management, the Manager is to be paid as provided in the Management Agreement but only to the extent accruing after the Foreclosure Event and during the Transition Period, without regard to any claims against the Authority.

Termination of the Manager Provided Insurance. If, immediately preceding the date of Termination, the Hotel is included in the Manager's insurance program, such participation is to be terminated for the periods after such Termination date (but without in any way destroying or altering the occurrence base nature of any such policies), and the Manager has the right to reimburse itself for such premiums accrued to the date of Termination by, withdrawing the appropriate amount thereof from the Taxes and Insurance Fund (with the understanding that if the Taxes and Insurance Fund is insufficient, the Authority is to advance the insufficiency from the Cash Trap Fund). If the Authority pays its pro rata share of premiums under the chain-wide policies of insurance or the self-insurance program of the Manager in advance, the Manager is to reimburse the Authority for the unearned portion of insurance premiums (to the extent such apportionment is available from the insurer) or the self-insurance program of the Manager.

Transition. Upon the expiration or earlier Termination of the Management Agreement, the Manager and the Authority are to cooperate to effect an orderly transition of management functions from the Manager to the Authority, any transferee of the Authority or any managing agent for a period of up to 90 days from the date of notice of Termination.

Receivables. All receivables of the Project outstanding as of the effective date of Termination, including guest ledger receivables, continue to be the property of the Authority. The Manager is to cooperate with the Authority at the Authority's sole expense, in the collection of any receivables, and turn over to the Authority any receivables of the Project collected by the Manager after the date of Termination. Not later than five days after the date of Termination, the Manager is to provide the Authority with a complete list of (a) all bookings for future

reservations or use of Hotel rooms or facilities that had been accepted or entered into by the Manager on or prior to the Termination; (b) the terms applicable thereto; and (c) the amount of advance deposits, if any, received with respect to each booking. The Manager agrees that, except with the Authority's consent, the Manager will not book reservations for rooms or public space after (i) the date on which the Management Agreement expires, or (ii) the date of earlier Termination.

Any insurance required under the Indenture and Management Agreement may, at the Authority's option, be effected under policies of blanket insurance which cover other properties of Manager and its Affiliates, and a pro rata portion of such premiums shall be allocated to the Project on the same basis as allocated to participating Other Hyatt Hotels. Any policies of insurance maintained by Manager pursuant to the provisions of the Management Agreement may contain deductible provisions in such amounts as are maintained with respect to Other Hyatt Hotels, for which Authority shall be responsible or which Manager, at Authority's expense, may pay. Further, in lieu of all or a part of commercial general liability insurance and workers' compensation and employer's liability insurance, any or all of the risks covered by such insurance, at Manager's option shall be self-insured or self-assumed by Authority under a self-insurance or assumption of risk program similar to those in effect at Other Hyatt Hotels, up to such amounts which such risks are assumed or self-insured at Other Hyatt Hotels with the prior written consent of the Trustee as to such amounts. Notwithstanding the foregoing, it shall be the Authority's responsibility to obtain or to direct the Manager to obtain the insurance required under the Management Agreement.

Subordination

The Manager subordinates the Management Agreement and the Manager's rights thereunder to the provisions of the Indenture and all other Bond Documents, as well as each Mortgage granted against the Project. If there is any conflict between the Management Agreement and the Indenture, the Indenture controls. The Manager agrees that Trustee has the absolute right to consent to and approve all matters under the Management Agreement, to the same extent that Trustee has the right to consent to or approve of such matters under the Indenture or any other Bond Document.

The Manager agrees with the Authority that: (a) it will not modify, amend or terminate the Management Agreement without the Trustee's prior consent nor will it receive or accept any fees, charges or reimbursements in excess of the amounts set forth in the Management Agreement and the Cash Management Agreement; (b) a notice by the Trustee to the Manager advising it that all future performance under the Management Agreement be made to the Trustee (or its agent), is to be construed as conclusive authority to the Manager that such performance is to be made to the Trustee (or its agent); and (c) no failure or delay on the part of Trustee in exercising any power or right is to operate as a waiver thereof or a waiver of any other term, provision or condition, all rights and remedies of Trustee under the Management Agreement are cumulative and are not to be deemed exclusive of any other rights or remedies provided by law and the Trustee is not to be prejudiced in its right to enforce the Management Agreement by any act or failure to act on the part of the Authority or anyone in custody of the Authority's assets or property.

Bankruptcy

The Manager agrees not to cause the filing of a petition in bankruptcy against the Authority for nonpayment of any sum due the Manager until the payment in full of the Bonds or other sums due under the Bond Documents and the expiration of a period equal to the applicable preference period under the federal Bankruptcy Code. In the event of a bankruptcy filing of the Authority, the Manager is entitled to file claims in accordance with applicable bankruptcy laws.

Destruction, Permanent Taking

Authority To Restore With Sufficient Available Casualty/Condemnation Amounts. If the Project is damaged or destroyed by fire or other casualty required to be insured against under the Management Agreement or Taken, the Casualty Proceeds and/or the Condemnation Proceeds, are to be paid to the Trustee for deposit in the Insurance and Condemnation Proceeds Fund. If the amounts in the Insurance and Condemnation Proceeds Fund, after such deposit, together with reasonably expected investment income and certain other funds (including amounts in the Cash Trap Fund and the Operating Reserve Fund) (collectively, the “Available Casualty/Condemnation Amounts”), are not applied to the redemption of the Bonds and are sufficient to repair or replace the property damaged, destroyed or Taken, the Authority is to cause the repair or replacement of the property damaged, destroyed or Taken. The Authority is under no obligation to engage a contractor to perform the repair and restoration of the Project if (a) all or substantially all of the Project is Taken; (b) in the Authority’s judgment, the portion of the Project Taken is such that the Project cannot be restored to economically feasible usefulness; (c) the damage, destruction or Taking makes it imprudent or unreasonable to operate the remaining portion of the Project in accordance with the Operating Standard; or (d) the Trustee does not make the Casualty Proceeds and/or Condemnation Proceeds available for repair or reconstruction.

Insufficient Available Amounts—Authority’s Option To Terminate or Restore. If the Authority does not repair, restore, replace or rebuild the Project due to insufficient Available Amounts and the damage, destruction or Taking makes it imprudent or unreasonable to operate the remaining portion of the Hotel in accordance with the Operating Standards, the Authority may terminate the Management Agreement after the report is delivered by the Independent Architect. The Authority is obligated to pay all accrued and unpaid Management Fees and other amounts owed to the Manager on the date of Termination. If the Authority operates a Hotel on the Site within three years after such Termination date, the Manager has the right to elect to enter into a new hotel operating agreement on the same terms and conditions as the Management Agreement with the then current owner of the Site. Such hotel operating agreement may be modified if insufficient funds exist to restore the Project to the condition prior to the casualty or condemnation but the Authority restores the Project to the extent of available funds. If the Site is sold to a third party (other than pursuant to a foreclosure sale), such third party can terminate the foregoing right by paying to the Manager a Termination Fee equal to that which would have been payable at such time if the Management Agreement were in effect at such time.

Commencement and Completion of Casualty Restoration

If the Authority is required to repair or rebuild the Project due to fire or other casualty, the Authority is to commence the Casualty Restoration as soon as practicable after the occurrence of the damage or destruction and complete the work with diligence. If a right of Termination exists, the obligation to commence the Casualty Restoration is to be delayed until the earlier of the giving of the applicable notice of Termination or the expiration of the applicable notice period.

Permitted Assignment by Manager

Permitted Assignments. So long as no Event of Default attributable to the Manager has occurred and remains uncured, the Manager has the right, without the Authority's consent but upon 10 days' prior notice to the Authority, to effect an Assignment of all, but not less than all, of its interest in the Management Agreement to any of the following (each, a "Proposed Assignee"): (a) any Affiliate of the Manager; (b) any successor of the Manager that may result from any merger, consolidation or reorganization; (c) any Person that acquires all or substantially all of the business and assets of the hotel management and license operations associated with hotels and resorts operating under the HYATT brand continues the hotel management business using the HYATT brand; (d) any resignation of a trustee of trusts that are in control of the Manager and the appointment of a successor trustee; or (e) transfers among beneficiaries of such trusts or shareholders of the Manager.

Conditions Precedent to Assignment. The following are conditions precedent to any Assignment under the Management Agreement: (a) the Proposed Assignee must execute an assignment and assumption agreement; (b) the Proposed Assignee is to continue the use of the HYATT brand and the use of the name of the Hotel as the "Hyatt Denver"; (c) the Proposed Assignee is recognized as having a national chain of Upscale Hotels; (d) if applicable, the Proposed Assignee is to continue to operate at least 75% of the Other Hyatt Hotels then being operated under the Hyatt name and to provide the Chain Services, the System Services and other provisions to be furnished by the Manager at the standards provided for in the Management Agreement; (e) the Proposed Assignee is not generally recognized in the community as being of ill repute with whom a prudent business person would not wish to associate in a commercial venture or a Person that would be considered by regulators in the gaming industry to be an unsuitable business associate of the Manager and its Affiliates; (f) in the event that the Proposed Assignee does not have a net worth at least equal to \$100,000,000 upon the effectiveness of such Assignment, the Manager or the Proposed Assignee is to deliver a guaranty executed by (i) a Person having the required net worth guaranteeing all of the obligations and liabilities of the Proposed Assignee under the Management Agreement; or (ii) the Manager, if the Proposed Assignee is an Affiliate of the Manager; (g) if a guaranty is to be provided, the Manager or the Proposed Assignee is to deliver a legal opinion opining as to the enforceability of the guaranty; (h) if the Proposed Assignee is an Affiliate of the Manager, the Manager may not be relieved of any of its obligations or liabilities under the Management Agreement; and (i) the Manager is to give the Authority notice of an Assignment to the Assignee including certain information with respect to such proposed assignment necessary for the Authority to determine if the proposed assignment is a permitted assignment under the Management Agreement.

Assignment by the Authority

The Authority is to give the Manager not less than 30 days' notice of its intention to sell, transfer or convey the Project or effect an Assignment of the Management Agreement. Except in the case of a foreclosure sale, the Manager has the right to require as an additional condition precedent of any such sale or lease that all existing defaults by the Authority be cured or arrangements satisfactory to the Manager for curing defaults be made and evidence satisfactory to the Manager from the purchaser or transferee is furnished showing that insurance as required under the Management Agreement is in full force and effect from and after the closing date. The proposed transferee or assignee is to execute an assignment and assumption agreement.

The Authority may mortgage, hypothecate, encumber, pledge, assign or grant a security interest in the Project and/or the Management Agreement in connection with the Bonds or other financing transactions.

Alternative Dispute Resolution Required

Administration of Mediation. The Parties are required to attempt to resolve any Arbitrable Dispute through a process of mediation administered by a provider of such service as determined under the Management Agreement, such service provider referred to as the "ADR Provider."

Conducting Mediation. The Parties are to attempt to settle the dispute by participating in a mediation process set forth in the Management Agreement. Neither Party may initiate litigation nor arbitration proceedings, with respect to any dispute until the mediation of such dispute is complete or timely attempted.

Arbitration or Litigation if Mediation Fails. If any dispute remains between the Parties after the mediation is complete or timely attempted, either Party may commence legal proceedings to resolve such dispute, however, if the dispute is an Arbitrable Dispute, either Party may require that the dispute be submitted to final and binding arbitration (without appeal or review) in the county in which the Hotel is located. The requirements for final and binding arbitration are outlined in detail in the Management Agreement.

Period Within Which Arbitration or Litigation Must Be Commenced. Any litigation or arbitration of a dispute (including an Arbitrable Dispute) must be initiated within 18 months from the date on which either Party first gave notice to the other of the existence of the dispute, and any Party who fails to commence litigation or arbitration within such 18-month period is deemed to have waived any of its affirmative rights and claims in connection with the dispute and is barred from asserting such rights and claims at any time thereafter.

Compensation of Mediator or Arbitrator. Subject to the right of the prevailing Party to seek reimbursement from the other Party pursuant to the Management Agreement, the Parties agree to share equally the costs, including fees, of the ADR Provider.

Venue, Jurisdiction and Jury Waiver. The venue of any mediation or arbitration is to be, and any judicial proceedings are to be in, the county in which the Hotel is located, unless otherwise agreed by the Parties. Each Party irrevocably submits to the jurisdiction of the federal

and state courts located in the county in which the Hotel is located, unless otherwise agreed by the Parties. Each Party waives to the fullest extent permitted by law, trial by jury of all disputes arising out of or relating to the Management Agreement.

Expenses. The prevailing Party in any arbitration, suit or other action arising out of or related to the Management Agreement may recover from the other Party all reasonable attorneys' fees and out-of-pocket arbitration costs and expenses. If any Party secures a judgment in any proceeding brought to enforce or interpret the Management Agreement, then any costs or expenses incurred in enforcing, or in appealing from, such judgment are payable to the prevailing party by the Party against whom such judgment has been rendered. If both parties are a prevailing party, then the arbitrator or court is to award attorneys' fees and allocate costs as it determines to be fair and equitable, in its sole discretion. A party is not a prevailing party if such party is awarded less than 75% of the amount of the claim for which it sought recovery.

Restrictive Covenant

Until the later of the expiration or prior Termination of the Management Agreement or 12 months after the Termination of the Management Agreement due to an Event of Default by the Manager with the intention of causing the Management Agreement to terminate in order to prevent the enforcement of the provisions of the Management Agreement described in this paragraph, the Manager and its Affiliates agree not to, without the prior consent of the Authority, own, lease, operate, manage, license, franchise, merge with or join through a joint marketing or other similar arrangement, in whole or in part, directly or indirectly, a lodging facility within the Restricted Area. This restriction does not apply to (a) any Restricted Hotel in the Restricted Area owned, leased, operated, managed, licensed or franchised by the Manager or any of its Affiliates as of the date hereof (or any expansions or reconfigurations thereof) or acquired by the Manager or any of its Affiliates as a part of a Hotel Chain so long as such acquired hotel is not operated under the Hyatt name; (b) any lodging facility not constituting a Restricted Hotel; (c) commencing after the tenth Operating Year, any hotel that contains 250 or fewer guest rooms and that is designated as a "Park Hyatt Hotel"; and (d) any shared ownership properties commonly known as "vacation ownership" or "time-share ownership" or similar real estate properties.

Redirecting Reservations

Neither Manager nor any of its Affiliates will at any time redirect or permit the redirect or permit the redirection of guests or other business requesting reservations for rooms or other facilities at the Hotel to any other hotel owned, managed, operated, acquired, leased, franchised, licensed by, merged with or joined through a marketing or other arrangement with the Manager, an Affiliate of the Manager or any entity in which the Manager has an interest (direct or indirect) if such rooms or other facilities are available at the Hotel during the requested period. The foregoing will only apply to specific inquiries regarding the Hotel and is not intended to create a reservation priority for the Hotel. The Manager and its Affiliates may accept reservations specifically requesting rooms or facilities at other hotels without attempting to redirect those inquiries to the Hotel, and may offer available options to Persons making inquiry which will, if appropriate to the inquiry, include the Hotel on a non-discriminatory basis.

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APPENDIX F

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APPENDIX G

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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Continuing Disclosure Undertaking

This Continuing Disclosure Undertaking (the "Disclosure Certificate") is executed and delivered by the DENVER CONVENTION CENTER HOTEL AUTHORITY, a nonprofit corporation organized under the laws of the State of Colorado (the "Authority"), in connection with the issuance of the Authority's Convention Center Hotel Senior Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bonds"). The Series 2016 Bonds are being issued pursuant to an Indenture of Trust dated as of November 1, 2016 (the "Indenture") between the Authority and The Bank of New York Mellon Trust Company, National Association, as trustee. Capitalized terms used but not defined herein shall have meanings ascribed thereto in the Indenture. The Authority covenants and agrees as follows:

BACKGROUND

A. In order to allow the Participating Underwriter (as defined in the Rule defined below) of the Series 2016 Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 CFR § 240.15c2-12) as amended to the date hereof (the "Rule" or "Rule 15c2-12"), the Authority has agreed to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Series 2016 Bonds.

This Disclosure Certificate is intended to satisfy the requirements of said Rule 15c2-12, as in effect on the date hereof.

COVENANTS AND AGREEMENTS

Section 1. Definitions.

(a) "*Annual Financial Information*" means the Authority Annual Financial Information and the City Annual Financial Information. Annual Financial Information may be provided in any format deemed convenient by the Authority which complies with the requirements of Rule 15c2-12.

(b) "*Audited Financial Statements*" means the Authority Audited Financial Statements and the City Audited Financial Statements.

(c) "*Asset Manager*" means the entity or organization selected by the Authority pursuant to the Indenture to serve as the Asset Manager.

(d) "*Authority Annual Financial Information*" means the qualitative financial information or operating data with respect to the Authority and the Project of the type set forth in the final Official Statement, under the caption "HISTORY OF PROJECT CASH FLOWS" provided at least annually pursuant to Sections 2(a) and 2(b) hereof.

(e) "*Authority Audited Financial Statements*" means the annual financial statements for the Authority, prepared in accordance with generally accepted accounting principles for

governmental units as prescribed by the Government Accounting Standards Board ("GASB"), as in effect from time to time audited by a firm of certified public accountants.

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

(g) *"City Annual Financial Information"* means the financial information or operating data with respect to the City, provided at least annually pursuant to Sections 2(a) and 2(b) hereof, such City Annual Financial Information shall be substantially similar to the information that the City provides to the MSRB in accordance with its continuing disclosure undertakings.

(h) *"City Audited Financial Statements"* means the annual financial statements for the City, prepared in accordance with generally accepted accounting principles for governmental units as prescribed by the GASB, as in effect from time to time, audited by a firm of certified public accountants.

(i) *"Dissemination Agent"* means any person, firm, corporation or other entity and any successor thereto, including the Asset Manager, designated in writing by the Authority to serve as its agent for disseminating on behalf of the Authority the information required hereby, and which has filed with the Authority a written acceptance of such designation.

(j) *"Events"* shall mean any of the events listed in Section 2(f) of this Disclosure Certificate.

(k) *"MSRB"* shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB's required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

(l) *"Official Statement"* means the Official Statement delivered in connection with the original issue and sale of the Series 2016 Bonds.

(m) *"Rule 15c2-12"* means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR § 240.15c2-12), as the same may be amended from time to time.

(n) *"SEC"* means the Securities and Exchange Commission.

(o) *"Senior Manager"* means Piper Jaffray & Co., 2525 East Camelback Road, Suite 925, Phoenix, Arizona 85016.

(p) *"State"* means the State of Colorado.

Section 2. Provision of Annual Information and Reporting of Events.

(a) Commencing with the fiscal year ending December 31, 2016 and annually while the Bonds remain outstanding, the Authority agrees to provide, or shall cause the Dissemination Agent to provide, annually to the MSRB (in an electronic format prescribed by the MSRB) (with a copy, upon request, to the Senior Manager) the following information:

- i. Authority Annual Financial Information;
- ii. Authority Audited Financial Statements;
- iii. City Annual Financial Information; and
- iv. City Audited Financial Statements;

(b) Such Authority Annual Financial Information and Authority Audited Financial Statements shall be provided to the MSRB not later than 6 months after the end of each fiscal year for the Authority (i.e., each December 31).

(c) Such City Annual Financial Information and City Audited Financial Statements shall be provided to the MSRB not later than 10 months after the end of each fiscal year for the City (i.e., each December 31).

(d) The Authority or the Dissemination Agent may provide the Annual Financial Information and the Audited Financial Statements by specific reference to other documents, including information reports and official statements relating to other debt issues, which are available to the public on the MSRB's internet website, or filed with the SEC; provided, however, that if the document so referenced is a final official statement within the meaning of Rule 15c2-12, such final official statement must also be available from the MSRB. The Authority or the Dissemination Agent shall clearly identify each such other document so incorporated by cross-reference.

(e) The City shall provide upon request to the Authority or the Dissemination Agent such information concerning the City as is necessary in the Authority's determination as to enable the Authority to provide the City Annual Financial Information and City Audited Financial Statement in accordance with this Section 2.

(f) At any time the Series 2016 Bonds are outstanding, the Authority shall provide or shall cause the Dissemination Agent to provide, in a timely manner not in excess of ten business days after the occurrence of the Event, to the MSRB, notice of the occurrence of any of the following Events, with respect to the Series 2016 Bonds:

- a. Principal and interest payment delinquencies;
- b. Non-payment related defaults, *if material*;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;

- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers or their failure to perform;
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2016 Bonds, or other material events affecting the tax status of the Series 2016 Bonds;
- g. Modifications to rights of bondholders, *if material*;
- h. Bond calls, *if material*, and tender offers;
- i. Defeasances;
- j. Release, substitution or sale of property securing repayment of the Series 2016 Bonds, *if material*;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person;¹
- m. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*; and
- n. Appointment of a successor or additional trustee or the change of name of a trustee, *if material*.

(g) If the Authority is unable to provide to the MSRB the Authority Annual Financial Information as specified in Sections 2(a) and 2(b) hereof or the City Annual Financial Information as specified in Sections 2(a) and 2(c) hereof, the Authority shall file or caused to be filed with the MSRB a notice substantially in the form attached as Exhibit A.

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(h) If the Authority designates a Dissemination Agent pursuant to this Disclosure Certificate, the Dissemination Agent shall file a report with the Authority certifying that the Annual Financial Information and Audited Financial Statements have been provided pursuant to this Disclosure Certificate, stating the date provided to the MSRB.

Section 3. Method of Transmission. Subject to technical and economic feasibility, the Authority or the Dissemination Agent shall employ such methods of electronic or physical information transmission as is requested or recommended by the MSRB unless otherwise required by law. Any submission pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

Section 4. Enforcement. The obligations of the Authority hereunder shall be for the benefit of the owners (including beneficial owners) of the Series 2016 Bonds. The owner or beneficial owner of any Series 2016 Bonds is authorized to take action to seek specific performance by court order to compel the Authority to comply with its obligations under this Disclosure Certificate, which action shall be the exclusive remedy available to it or to any other owners or beneficial owners of the Series 2016 Bonds; provided, that any owner or beneficial owner of Series 2016 Bonds seeking to require the Authority to comply with this Disclosure Certificate shall first provide at least 30 days' prior written notice to the Authority of its failure, giving reasonable detail of such failure following which notice the Authority shall have 30 days to comply. Any such action shall be brought only in a court of competent jurisdiction in the City. Breach of the obligations of Authority hereunder shall not constitute an Event of Default under the Indenture and none of the rights and remedies provided by the Indenture shall be available to the owners of the Series 2016 Bonds or the Trustee therein appointed.

Section 5. Additional Information. Nothing in the Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other annual information or notice of occurrence of an event which is not a Material Event, in addition to that which is required by this Disclosure Certificate; provided that the Authority shall not be required to do so. If the Authority chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Certificate, the Authority, shall have no obligation under this Disclosure Certificate to update such information or include in any future annual filing or Event filing.

Section 6. Term. This Disclosure Certificate shall be in effect from and after issuance and delivery of the Series 2016 Bonds and shall extend to the earliest of (i) the date all principal and interest on the Series 2016 Bonds shall have been deemed paid or legally defeased pursuant to the terms of the Indenture; (ii) the date that the Authority and the City shall no longer each constitute an "obligated person" with respect to the Series 2016 Bonds within the meaning of Rule 15c2-12; or (iii) the date on which those portions of Rule 15c2-12 which require this Disclosure Certificate are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Series 2016 Bonds, the determination of (i), (ii) or (iii) herein to be made in any manner deemed appropriate by the Authority, including by an opinion of counsel experienced in federal securities law selected by the Authority.

Section 7. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendments and Waivers. Notwithstanding any other provision of the Disclosure Certificate, the Authority may amend this Disclosure Certificate from time to time, and any provision of this Disclosure Certificate may be waived, without the consent of the owners or beneficial owners of the Series 2016 Bonds upon the Authority's receipt of an opinion of counsel experienced in federal securities laws to the effect that such amendment or waiver will not adversely affect compliance with Rule 15c2-12. Any Annual Financial Information containing amended operating data or financial information will 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. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made will 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 Authority shall provide notice of such amendment or waiver to the MSRB and the Senior Manager.

Section 9. Beneficiaries. The Disclosure Certificate shall inure solely to the benefit of the Authority, the City, the Senior Manager and the owners (including beneficial owners) from time to time of the Series 2016 Bonds, and shall create no rights in any other person or entity.

Dated as of November 1, 2016.

DENVER CONVENTION CENTER HOTEL
AUTHORITY

By: _____
Authorized Officer

Acknowledged and agreed with respect
to Section 2(e):

CITY AND COUNTY OF DENVER, COLORADO

By: _____
Authorized Officer

EXHIBIT "A"

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Denver Convention Center Hotel Authority

Name of Bond Issue: Convention Center Hotel Senior Revenue Refunding Bonds, Series 2016 in the aggregate principal amount of \$_____ dated as of November ___, 2016.

CUSIP:

Date of Issuance: November ___, 2016

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Financial Information and/or Audited Financial Statements with respect to the above-named Bonds as required by the resolutions pursuant to which the Bonds were issued and the Continuing Disclosure Undertaking executed on November ___, 2016, by the Issuer. The Issuer anticipates that the Annual Financial Information and/or Audited Financial Statements will be filed by _____.

Dated: _____, _____

DENVER CONVENTION CENTER HOTEL
AUTHORITY

By:_____

Title:_____

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APPENDIX H

FORM OF OPINION OF BOND COUNSEL

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APPENDIX H

FORM OF OPINION OF BOND COUNSEL

November __, 2016

\$ _____

Denver Convention Center Hotel Authority
Convention Center Hotel Senior Revenue Refunding Bonds
Series 2016

We have been engaged by the Denver Convention Center Hotel Authority (the “Authority”) to act as bond counsel in connection with the issuance by the Authority of its \$ _____ Convention Center Hotel Senior Revenue Refunding Bonds, Series 2016 (the “Series 2016 Bonds”) pursuant to the Colorado Revised Nonprofit Corporation Act, Articles 121 through 137 of Title 7, Colorado Revised Statutes, as amended (the “Act”), a resolution adopted by the board of directors of the Authority on October 17, 2016 (the “Resolution”) and an Amended and Restated Indenture of Trust, dated as of November 1, 2016 (the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). Capitalized terms used but not defined herein have the meanings assigned to them in the Indenture.

In our capacity as bond counsel, we have examined the Constitution and laws of the State of Colorado (the “State”), including but not limited to the Act; the provisions of the Internal Revenue Code of 1986, as amended (the “Code”) and the regulations, rulings and judicial decisions relevant to the opinions set forth in paragraph 4 below; originals or copies, certified or otherwise identified to our satisfaction, of the documents, certificates, opinions and other papers included in the transcript of proceedings relating to the authorization, sale, issuance and delivery of the Series 2016 Bonds, including the Indenture, Ordinance No. 150, Series of 2003, of the City and County of Denver, Colorado (the “City”) with respect to the organization of the Authority (the “Ordinance”), the Tax Compliance Certificate of the Authority, dated the date hereof (the “Tax Compliance Certificate”) and the opinion of the City Attorney of the City with respect to the due organization and valid existence of the City, the power of the City to adopt the Ordinance and the adoption, validity, effectiveness and enforceability of the Ordinance. We have relied upon the certifications and representations of officials of the Authority and the City in the documents, certificates and other papers included in the transcript of proceedings as to questions of fact material to our opinion without undertaking to verify the same by independent investigation and upon the legal conclusions set forth in the legal opinion of the City Attorney mentioned above.

Based on the foregoing, we are of the opinion that:

1. The Authority is a nonprofit corporation duly organized and validly existing under the laws of the State with the power to enter into and perform its obligations under the Indenture and to issue the Series 2016 Bonds.
2. The Indenture has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery of the Indenture by the Trustee, is a valid and binding obligation of the Authority enforceable against the Authority. The Indenture creates a valid lien on the Trust Estate for the benefit of the owners of the Series 2016 Bonds on a parity with any other Senior Bonds that may be issued pursuant to the Indenture.

3. The Series 2016 Bonds have been duly authorized and executed by the Authority, are entitled to the benefits and security of the Indenture and are valid and binding special, limited obligations of the Authority payable solely from the Trust Estate in accordance with the Indenture.

4. Under the laws, regulations, rulings and judicial decisions existing on the date hereof, interest (and original issue discount) on the Series 2016 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence assume the accuracy of certain representations and continuing compliance by the Authority with certain requirements of the Code that must be met subsequent to the issuance of the Series 2016 Bonds. Failure to comply with such requirements could cause such interest to be included in gross income for federal income tax purposes or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2016 Bonds. The Authority has covenanted in the Indenture and in the Tax Compliance Certificate executed and delivered in connection with the issuance of the Series 2016 Bonds to comply with such requirements. Although we are of the opinion that interest (and original issue discount) on the Series 2016 Bonds is excludable from gross income for federal tax purposes under the laws, regulations, rulings and judicial decisions existing on the date hereof, the accrual or receipt of interest on the Series 2016 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding such consequences. Further, we express no opinion regarding other federal tax consequences arising with respect to the Series 2016 Bonds. We note however, that interest (and original issue discount) on the Series 2016 Bonds is taken into account in determining adjusted current earnings for purposes of the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes).

5. To the extent that interest on the Series 2016 Bonds is excluded from gross income for federal income tax purposes, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2016 Bonds is excluded from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income.

The rights of the holders of the Series 2016 Bonds and the enforceability of the Series 2016 Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, to the exercise of judicial discretion in appropriate cases, to the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

We have not been engaged to review the accuracy, completeness or sufficiency of the Official Statement or other offering materials relating to the Series 2016 Bonds and express no opinion or belief with respect thereto. Further, we express no opinion or belief regarding the tax consequences arising with respect to the Series 2016 Bonds other than as expressly set forth herein and we express no opinion or belief regarding the investment of proceeds of the Series 2016 Bonds or other moneys in the Trust Estate.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressly set forth herein. This opinion is delivered based upon our examination of the Constitution and laws of the State, the Ordinance, the Code and the regulations, rulings and judicial decisions referenced in the first paragraph hereof and the documents, certificates, opinions and other papers included in the transcript of proceedings relating to the authorization, sale, issuance and delivery of the Series 2016 Bonds on the date hereof; and in reliance upon the certifications and representations of officials of the Authority and the City in the documents, certificates and other papers in the transcript of

proceedings and the legal conclusions in the legal opinion of the City Attorney mentioned above on the date hereof. We have no obligation to supplement or update this opinion based on or with respect to changes in any of the items described in the preceding sentence after the date hereof or with respect to any other event that occurs after the date hereof and express no opinion or belief regarding the effect, if any, that any such change may have on the opinions set forth herein.

Respectfully submitted,

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APPENDIX I

**AUDITED BASIC FINANCIAL STATEMENT OF THE
AUTHORITY FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015**

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DENVER CONVENTION CENTER HOTEL AUTHORITY
FINANCIAL AUDIT REPORT
YEARS ENDED DECEMBER 31, 2015 AND 2014

DENVER CONVENTION CENTER HOTEL AUTHORITY

YEARS ENDED DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Denver Convention Center Hotel Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Denver Convention Center Hotel Authority (the "Authority") as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority'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.

Auditors' 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position (deficit) of the business-type activities of the Authority as of December 31, 2015 and 2014, and the respective changes in financial position (deficit) and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis included on pages 3 through 10 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 regarding the methods of preparing the information and comparing the information for consistency with management's response 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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 Authority's internal control over financial reporting and compliance.



March 31, 2016

DENVER CONVENTION CENTER HOTEL AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED DECEMBER 31, 2015 AND 2014

OVERVIEW

The Denver Convention Center Hotel Authority (the "Authority"), was incorporated on March 11, 2003, by the City and County of Denver, Colorado (the "City") as a separate and distinct corporate entity for the limited purpose of financing, acquiring, constructing, equipping, and operating a full-service, convention-oriented hotel near the Colorado Convention Center (the "Convention Center"). The City owns the Convention Center, which is located in downtown Denver. The Authority is organized as a Colorado non-profit corporation.

Hotel construction began in June 2003 and was substantially complete in December 2005. The hotel opening occurred on December 20, 2005 (the "Hotel Opening Date") as the Hyatt Regency Denver at Colorado Convention Center. The Authority issued notice of final completion on October 22, 2010. The hotel contains approximately 1.2 million gross square feet, including 1,100 hotel guest rooms, a 300-seat full-service restaurant, a lobby bar rooftop lounge, a health club, approximately 60,000 net square feet of meeting space, including ballrooms of approximately 30,000 and 15,000 net square feet, a three-level 570 car parking garage, and other supporting facilities. In 2015 and 2014, the Authority completed a \$26.7 million renovation of the hotel's guest and meeting rooms.

This section of the Authority's annual financial statements presents a narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2015 and 2014. This discussion and analysis should be read in conjunction with the Authority's financial statements and the notes to the financial statements. The discussion and analysis is designed to focus on current activities and resulting changes in financial position.

FINANCIAL HIGHLIGHTS

On June 20, 2003, the Authority released its official statement to issue \$354,825,000 Convention Center Hotel Senior Revenue Bonds, Series 2003A (the "Series 2003A Bonds") which were secured by an Indenture of Trust dated as of June 1, 2003 (the "Indenture") by and between the Authority and JP Morgan Trust Company N.A. (successor to Bank One, N.A.). The proceeds of the Series 2003A Bonds, together with other funds, were used to:

- finance the acquisition of a site (which occurred on June 25, 2003), and construct, equip and operate a full-service, first-class, upscale convention center headquarters hotel, a parking garage and supporting facilities, and furniture, fixtures, equipment and initial operation supplies (collectively, the "Project" or the "Hotel");
- pay interest during construction of the Project and for six months following its anticipated completion date;
- establish a reserve fund for the Series 2003A Bonds and an operating reserve fund for the Project;

DENVER CONVENTION CENTER HOTEL AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014

FINANCIAL HIGHLIGHTS (CONTINUED)

- provide initial working capital for the Project;
- pay certain pre-opening fees and expenses, and pay certain costs of issuing the Series 2003A Bonds.

On May 2, 2006, the Authority issued \$356,155,000, in Convention Center Hotel Senior Revenue Refunding Bonds, Series 2006, which are secured by an Amended and Restated Indenture of Trust, dated as of April 1, 2006 by and between the Authority and The Bank of New York Trust Company, N.A. (successor to JP Morgan Trust Company, N.A.) as Trustee. The primary purposes of the refunding were to amend certain provisions of the Indenture, to adjust certain reserve requirements to be in line with current industry standards and to accelerate expected distributions to the City. The proceeds of the Bonds together with amounts on deposit held by the Trustee under the original Indenture are to be used to:

- pay interest on the Series 2006 bonds in an amount equal to accrued interest through July 1, 2006
- fund a reserve fund for the Series 2006 Bonds
- fund a working capital reserve for the Project
- refund and defease all of the Series 2003A Bonds
- pay certain costs of issuance of the Series 2006 Bonds

Associated with the refunding, the Authority and the Trustee as escrow agent, entered into an Escrow Agreement dated April 1, 2006, pursuant to which the Authority deposited \$360,213,000 from the sale of the Series 2006 Bonds into a special and irrevocable escrow fund to advance refund the Series 2003A Bonds. On December 1, 2013, the Series 2003A Bonds were redeemed in full, as provided in the Escrow Agreement. Under federal law, the Authority may only advance refund its bonds once on a tax-exempt basis. Therefore, in the future, the Authority may only refund the Series 2006 Bonds on a tax-exempt basis as a current refunding, which means that the earliest the Authority can issue tax-exempt refunding bonds would be 90 days prior to the first optional refunding date of November 1, 2016.

DENVER CONVENTION CENTER HOTEL AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014

FINANCIAL HIGHLIGHTS (CONTINUED)

At December 31, 2015 and 2014, total assets, deferred outflow of resources, liabilities and net position (deficit) consisted of the following:

	<u>2015</u> (in thousands)	<u>2014</u> (in thousands)
Total assets	\$ 302,975	\$ 306,614
Deferred outflows of resources	4,894	5,293
Total liabilities	<u>(349,952)</u>	<u>(355,447)</u>
Net position (deficit)	<u>\$ (42,083)</u>	<u>\$ (43,540)</u>

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements and notes thereto. The financial statements of the Authority are prepared similar to an enterprise fund, as defined by the Governmental Accounting Standards Board. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

The Statements of Net Position (Deficit) include all assets and liabilities. Over time, increases or decreases in net position (the difference between assets and liabilities) is one indicator of the improvement or deterioration of the Authority's financial health.

The Statements of Revenues, Expenses, and Changes in Net Position (Deficit) represent the revenues earned and expenses incurred during the periods reported. Activities are reported as operating or non-operating. Capital assets are recorded at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation began when the Hotel was placed into service.

The Statements of Cash Flows represent information related to cash inflows and outflows summarized by operating, investing, capital and related financing activities, and supplemental disclosure of non-cash investing activities.

DENVER CONVENTION CENTER HOTEL AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014

FINANCIAL ANALYSIS OF THE AUTHORITY'S FINANCIAL STATEMENTS

Condensed financial information at December 31, 2015 and 2014:

	<u>2015</u> (in thousands)	<u>2014</u> (in thousands)
Assets:		
Current assets:		
Cash and cash equivalents	\$ 4,580	\$ 2,729
Restricted investments, current	12,973	11,362
Accounts receivable, net	1,715	2,876
Prepaid insurance and other	<u>1,318</u>	<u>1,238</u>
	<u>20,586</u>	<u>18,205</u>
Non-current assets:		
Capital assets, net	214,616	220,906
Restricted investments, net of current portion	61,650	61,064
Other	<u>6,123</u>	<u>6,439</u>
	<u>282,389</u>	<u>288,409</u>
Total assets	<u>302,975</u>	<u>306,614</u>
Deferred outflows of resources:		
Deferred amount on refunding	<u>4,894</u>	<u>5,293</u>
Liabilities:		
Current liabilities	21,263	20,224
Non-current liabilities	<u>328,689</u>	<u>335,223</u>
Total liabilities	<u>349,952</u>	<u>355,447</u>
Net position (deficit)	<u>\$ (42,083)</u>	<u>\$ (43,540)</u>

Summary of revenues, expenses, and changes in net position (deficit) information for the years ended December 31, 2015 and 2014:

	<u>2015</u> (in thousands)	<u>2014</u> (in thousands)
Operating revenues	\$ 93,061	\$ 91,265
Operating expenses	(74,093)	(73,461)
Non-operating expenses	(18,035)	(17,356)
Unallocated receipts from the City	10,000	9,500
Unallocated payments to the City	<u>(9,476)</u>	<u>(8,970)</u>
Change in net position (deficit)	<u>\$ 1,457</u>	<u>\$ 978</u>

DENVER CONVENTION CENTER HOTEL AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014

FINANCIAL ANALYSIS OF THE AUTHORITY'S FINANCIAL STATEMENTS (CONTINUED)

Net position may serve as a useful indicator of the Authority's financial position. Net position represents the difference between the Authority's assets and deferred outflow of resources and liabilities and consists of net investment in capital assets, restricted for debt service and capital projects and unrestricted. Liabilities exceeded assets and deferred outflow of resources by approximately \$42.1 and \$43.5 million at the end of 2015 and 2014, respectively.

In 2015, revenue increased by approximately \$1.8 million or 2% (\$93 million in 2015 compared to \$91 million in 2014) and operating expenses increased by approximately \$632 thousand or 1% (\$74.1 million in 2015 compared to \$73.5 million in 2014). The factors attributed to these results include:

- Occupancy rates increased compared to the prior year due to more conventions at the convention center which increased the average nightly rate
- Operating expenses increased in line with the increase in revenue.

In addition, the Authority received payments of \$10 million from the City in 2015, and \$9.5 million was paid to the City under the Economic Development Agreement, described in Note 6 to the financial statements.

During the years ended December 31, 2015 and 2014, operating expenses consisted of the following:

	<u>2015</u>	<u>2014</u>
	(in thousands)	(in thousands)
Departmental expenses	\$ 34,525	\$ 34,905
General and administrative	6,905	6,555
Information and telecommunication systems	1,644	1,564
Sales and marketing	4,898	4,775
Property operation and maintenance	4,847	5,304
Depreciation expense	10,484	10,269
Management fees	4,728	4,598
Real estate and other property taxes	5,318	4,430
Operating and property insurance	427	485
Amortization of prepaid bond insurance	317	317
	<u>\$ 74,093</u>	<u>\$ 73,202</u>

DENVER CONVENTION CENTER HOTEL AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014

FINANCIAL ANALYSIS OF THE AUTHORITY'S FINANCIAL STATEMENTS (CONTINUED)

During the years ended December 31, 2015 and 2014, non-operating expenses consisted of the following:

	<u>2015</u> (in thousands)	<u>2014</u> (in thousands)
Interest and dividend income	\$ 67	\$ 45
Interest expense	(16,561)	(16,794)
Loss on disposal of capital assets	<u>(1,541)</u>	<u>(607)</u>
	<u>\$ (18,035)</u>	<u>\$ (17,356)</u>

NON-GAAP EBIDA FINANCIAL MEASURE

To further assess the performance of the Authority, we typically utilize certain non-GAAP (Generally Accepted Accounting Principles) financial measures. These measures, which primarily include an EBIDA measure (earnings before interest, depreciation and amortization), are used to calculate the income (loss) before unallocated receipts from and payments to the City, after adding back certain non-cash items such as depreciation and amortization, as well as adding back interest expense. This measure allows the Authority to further assess liquidity.

The following table reconciles the income (loss) before unallocated receipts and payments (on a GAAP basis) to the non-GAAP measure described above:

	<u>2015</u> (in thousands)	<u>2014</u> (in thousands)
Income (loss) before unallocated receipts and payments	\$ 933	\$ 448
Add back non-cash:		
Depreciation expense	10,484	10,269
Amortization of prepaid bond insurance	<u>317</u>	<u>317</u>
	11,734	11,034
Add back: Interest expense	<u>16,561</u>	<u>16,794</u>
Income before unallocated receipts and payments, depreciation, amortization and interest expense	<u>\$ 28,295</u>	<u>\$ 27,828</u>

The non-GAAP measure described above is not a measure of operating income, operating performance, or liquidity presented in accordance with GAAP. When assessing our operating performance or liquidity, you should not consider this data in isolation or as a substitute for our income (loss) before unallocated receipts and payments, cash flows from operating activities, or other cash flow data calculated in accordance with GAAP.

DENVER CONVENTION CENTER HOTEL AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014

CAPITAL ASSETS AND CONSTRUCTION ACTIVITIES

At December 31, 2015 and 2014, capital assets consisted of the following:

	2015 (in thousands)	2014 (in thousands)
Land	\$ 23,421	\$ 23,421
Building and improvements	249,753	237,359
Furnishings and equipment	19,194	29,825
Computer systems	7,954	7,976
Construction in progress	204	129
	<u>300,526</u>	<u>298,710</u>
Less accumulated depreciation	85,910	77,804
	<u>\$ 214,616</u>	<u>\$ 220,906</u>

The Authority recorded approximately \$10,484 and \$10,269 of depreciation expense for the years ended December 31, 2015 and 2014, respectively.

ASSET MANAGEMENT AGREEMENT

In June 2004, the Authority entered into an agreement with Capital Hotel Management, LLC ("CHM") to assist the Authority in overseeing the operations of the Project (the "Asset Management Agreement"). The term of the Asset Management Agreement began on June 28, 2004 and ends on December 31, 2017, subject to terms of extension. The Asset Management Agreement required the Authority to pay CHM monthly fees of approximately \$25,000 during each of the years ended December 31, 2015 and 2014, respectively, not including reimbursable expenses. A total of \$323,000 and \$312,000 was paid by the Authority to CHM during the years ended December 31, 2015 and 2014, respectively.

HOTEL MANAGEMENT AGREEMENT

Effective June 1, 2003, the Authority entered into an agreement with Hyatt for the operation and management of the Hotel (the "Management Agreement"). The term of the Management Agreement is 15 years commencing on the Hotel Opening Date, unless terminated sooner pursuant to agreement provisions. The Management Agreement requires the Authority to pay Hyatt certain fees described in Note 7 to the financial statements. In addition, the Authority is obligated to pay Hyatt for the Hotel's pro rata share of allocable chain expenses and system costs, as well as certain reimbursable expenses, taxes and assessments, as defined.

DENVER CONVENTION CENTER HOTEL AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014

PROFESSIONAL SERVICES AGREEMENT

In November 2003, the Authority entered into an agreement with Mosher Sullivan Development Partners, LLC ("Mosher Sullivan") for professional services. Under the agreement, Mosher Sullivan is to make William E. Mosher available to act as chief executive officer of the Authority. The agreement requires the Authority to pay Mosher Sullivan certain fees described in Note 7 to the financial statements. During each of the years ended December 31, 2015 and 2014, the Authority paid Mosher Sullivan a total of \$144,000.

LONG-TERM DEBT ADMINISTRATION

At the end of 2015 and 2014, the Authority reported \$328,689,000 and \$335,223,000, respectively, in outstanding non-current debt, which consists of tax-exempt revenue bonds (including unamortized premium of \$5,324,000 and \$5,748,000, respectively) secured by the operating revenues and income of the Hotel. At the end of 2015 and 2014, the Authority also reported \$6,110,000 and \$5,485,000 in outstanding current debt related to the tax-exempt revenue bonds, respectively. The Authority issued tax-exempt revenue bonds totaling \$354,825,000 in 2003, which were subsequently advance refunded on May 2, 2006, with the issuance of \$356,155,000 in Convention Center Hotel Senior Revenue Refunding Bonds. Additional information relating to the outstanding bonds can be found in Note 5 to the financial statements. On December 1, 2013, the Series 2003A bonds were redeemed in full.

CREDIT RATINGS AND BOND INSURANCE

In connection with the sale of the Series 2006 Bonds, the Authority purchased an insurance policy from Syncora Guarantee, Inc. ("Syncora") to guarantee the payment of principal and interest when due. The Moody's credit rating of the Series 2006 Bonds is Baa3.

RISK MANAGEMENT

The Authority carries adequate amounts and types of insurance against certain risks, including property, business, interruption, boiler, commercial general liability, and directors and officers insurance. Fidelity bonds or other insurance is also required for officers and employees of any entity with access to revenues, receipts or income of the Authority or funds used for payment of the bonds.

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide investors, creditors, and customers with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. William E. Mosher, CEO, Denver Convention Center Hotel Authority, 1225 17th Street, Suite 3050, Denver, CO 80202, or (303) 628-7439.

DENVER CONVENTION CENTER HOTEL AUTHORITY

STATEMENTS OF NET POSITION (DEFICIT)

**DECEMBER 31, 2015 AND 2014
(IN THOUSANDS)**

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,580	\$ 2,729
Restricted investments (Note 3)	12,973	11,362
Accounts receivable, net	1,715	2,876
Prepaid insurance and other	<u>1,318</u>	<u>1,238</u>
Total current assets	<u>20,586</u>	<u>18,205</u>
Non-current assets:		
Capital assets, net (Note 4)	214,616	220,906
Restricted investments (Note 3)	61,650	61,064
Prepaid bond insurance (Note 5)	<u>6,123</u>	<u>6,439</u>
Total non-current assets	<u>282,389</u>	<u>288,409</u>
Total assets	<u>302,975</u>	<u>306,614</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	<u>4,894</u>	<u>5,293</u>
 LIABILITIES		
Current liabilities:		
Accounts payable	4,695	4,520
Accrued interest (Note 5)	1,473	1,472
Accrued liabilities	8,140	7,607
Advance deposits	845	1,140
Current portion of bonds payable (Note 5)	<u>6,110</u>	<u>5,485</u>
Total current liabilities	<u>21,263</u>	<u>20,224</u>
Non-current liabilities:		
Bonds payable, net of current portion (Note 5)	<u>328,689</u>	<u>335,223</u>
Total liabilities	<u>349,952</u>	<u>355,447</u>
 Commitments and contingencies		
 Net position (deficit) (Notes 2 and 3):		
Net investment in capital assets	(116,762)	(115,981)
Restricted for:		
Debt service	41,654	41,623
Capital projects	39,408	37,558
Unrestricted	<u>(6,383)</u>	<u>(6,740)</u>
Total net position (deficit)	<u>\$ (42,083)</u>	<u>\$ (43,540)</u>

See notes to financial statements.

DENVER CONVENTION CENTER HOTEL AUTHORITY

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION (DEFICIT)**

**YEARS ENDED DECEMBER 31, 2015 AND 2014
(IN THOUSANDS)**

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Charges for sales and services:		
Rooms	\$ 56,710	\$ 54,941
Food and beverage	30,176	31,247
Other operating departments	3,838	3,477
Rentals and other income	2,337	1,341
Total operating revenues	<u>93,061</u>	<u>91,006</u>
Operating expenses:		
Departmental expenses:		
Rooms	14,693	14,626
Food and beverage	18,130	18,640
Other operating departments	1,702	1,639
General and administrative	6,905	6,555
Information and telecommunication systems	1,644	1,564
Sales and marketing	4,898	4,775
Property operation and maintenance	4,847	5,304
Depreciation expense (Note 2)	10,484	10,269
Management fees (Note 7)	4,728	4,598
Real estate and other property taxes (Note 6)	5,318	4,430
Operating and property insurance	427	485
Amortization of prepaid bond insurance	317	317
Total operating expenses	<u>74,093</u>	<u>73,202</u>
Operating income	<u>18,968</u>	<u>17,804</u>
Non-operating income (expenses):		
Interest and dividend income	67	45
Interest expense	(16,561)	(16,794)
Loss on disposal of capital assets	(1,541)	(607)
Total non-operating expenses	<u>(18,035)</u>	<u>(17,356)</u>
Income before unallocated receipts and payments	<u>933</u>	<u>448</u>
Unallocated receipts from the City (Note 6)	10,000	9,500
Unallocated payments to the City (Note 6)	(9,476)	(8,970)
	<u>524</u>	<u>530</u>
Change in net position (deficit)	1,457	978
Net position (deficit) - beginning of year	<u>(43,540)</u>	<u>(44,518)</u>
Net position (deficit) - end of year	<u>\$ (42,083)</u>	<u>\$ (43,540)</u>

See notes to financial statements.

DENVER CONVENTION CENTER HOTEL AUTHORITY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014
(IN THOUSANDS)

	2015	2014
Cash flows from operating activities:		
Receipts from guests	\$ 94,222	\$ 89,853
Interest and dividends received	67	45
Interest paid	(16,561)	(16,794)
Payments for goods or services	(63,418)	(63,677)
Net cash provided by operating activities	<u>14,310</u>	<u>9,427</u>
Cash flows from noncapital financing activities:		
Receipts from the City	10,000	9,500
Payments to the City	(9,476)	(8,970)
Net cash provided by noncapital financing activities	<u>524</u>	<u>530</u>
Cash flows from capital and related financing activities:		
Payment of bonds payable	(5,485)	(4,900)
Purchases of capital assets	(4,712)	(5,089)
Payments for prepaid insurance, other	(65)	(63)
Net cash used in capital and related financing activities	<u>(10,262)</u>	<u>(10,052)</u>
Cash flows from investing activities:		
Investment purchases	(123,008)	(87,505)
Investment sales	120,287	86,616
Net cash used in investing activities	<u>(2,721)</u>	<u>(889)</u>
Net increase/(decrease) in cash and cash equivalents	1,851	(984)
Cash and cash equivalents, beginning of year	2,729	3,713
Cash and cash equivalents, end of year	<u>\$ 4,580</u>	<u>\$ 2,729</u>
Supplemental disclosure of non-cash investing activities:		
Capital assets increased through accounts payable	<u>\$ 1,023</u>	<u>\$ -</u>
Reconciliation of change in net position (deficit) to net cash provided by operating activities:		
Change in net position (deficit)	\$ 1,457	\$ 978
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Amortization of bond premium, recorded as interest expense	(424)	(431)
Amortization of deferred amount on refunding, recorded as interest expense	399	406
Amortization of prepaid bond insurance	317	317
Depreciation expense	10,484	10,269
Loss on disposal of capital assets	1,541	607
Decrease (increase) in accounts receivable	1,161	(1,412)
(Increase) decrease in prepaid insurance and other	(16)	4
Decrease in accounts payable	(848)	(1,717)
Increase in accrued liabilities and accrued interest	534	830
Decrease in advance deposits	(295)	(424)
Net cash provided by operating activities	<u>\$ 14,310</u>	<u>\$ 9,427</u>

See notes to financial statements.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

1. Organization and basis of presentation:

Organization:

The Denver Convention Center Hotel Authority (the "Authority") was incorporated on March 11, 2003, by the City and County of Denver, Colorado (the "City") as a separate and distinct corporate entity for the limited purpose of owning, financing, acquiring, constructing, equipping, and operating a full-service, convention-oriented hotel near the Colorado Convention Center (the "Convention Center"). The Authority is organized as a Colorado non-profit corporation. The Authority is governed by a seven member board of directors appointed by the Mayor of the City and confirmed by the City Council.

The City owns the Convention Center, which is located in downtown Denver. The Convention Center was completed in April 1990 and underwent an expansion project that was completed by January 2005. On June 20, 2003, the Authority released its official statement to issue \$354,825,000 Convention Center Hotel Senior Revenue Bonds, Series 2003A (the "Series 2003A Bonds"), which were secured by an Indenture of Trust dated June 1, 2003 (the "Indenture") by and between the Authority and The Bank of New York Trust Company, N.A. as trustee (the "Trustee"). The proceeds from the Series 2003A Bond issuance, together with other funds, were used to:

- a. finance the acquisition of a site (which occurred on June 25, 2003), and construct, equip and operate a full-service, first-class, upscale convention center headquarters hotel, a parking garage and supporting facilities, and furniture, fixtures and equipment and initial operating supplies (collectively, the "Project" or the "Hotel");
- b. pay capitalized interest during construction of the Project and for six months following its anticipated completion date;
- c. establish a reserve fund for the Series 2003A Bonds and an operating reserve fund for the Project;
- d. provide initial working capital for the Project;
- e. pay certain pre-opening fees and expenses, and pay certain costs of issuing the Series 2003A Bonds.

On December 20, 2005, the Authority opened the Hotel with 1,100 guest rooms, a full-service restaurant, a lobby bar and lounge, a health club, 60,000 net square feet of meeting space, including ballrooms of 30,000 and 15,000 net square feet, a three-level 570 car parking garage and other supporting facilities.

On May 2, 2006, the Authority issued \$356,155,000 Denver Convention Center Hotel Authority Convention Center Hotel Senior Revenue Refunding Bonds, Series 2006 (the "Series 2006 Bonds"), which are secured by an Amended and Restated Indenture of Trust (the "Amended Indenture"), dated April 1, 2006 by and between the Authority and the Trustee. The proceeds from the Series 2006 Bonds together with amounts on deposit held by the Trustee under the original Indenture were used to:

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

1. Organization and basis of presentation (continued):

Organization (continued):

- a. refund and defease all of the Series 2003A Bonds (Note 5);
- b. fund a reserve for the Series 2006 Bonds;
- c. fund a working capital reserve for the Project;
- d. fund interest on the Series 2006 Bonds in an amount equal to accrued interest through July 1, 2006;
- e. pay certain costs of issuing the Series 2006 Bonds.

The Authority and the Trustee, as escrow agent, entered into an Escrow Agreement dated April 1, 2006 (the "Escrow Agreement") pursuant to which the Authority deposited \$360,213,000 from the sale of the Series 2006 Bonds into a special and irrevocable escrow fund (the "Escrow Fund") to advance refund the Series 2003A Bonds. The Series 2003A Bonds were redeemed in full on December 1, 2013, as provided in the Escrow Agreement (Note 5).

Basis of presentation:

The Authority's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single-enterprise proprietary fund engaged solely in business-type activities, and utilizes the accrual basis of accounting. Proprietary funds are used to account for operations that are financed in a manner similar to a private business enterprise in that a periodic determination of revenues earned, expenses incurred and/or changes in net position is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Under this method, revenues are recorded when earned, and expenses are recognized as soon as they result in liabilities or use of assets for the benefits provided. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The Authority reports its financial statements following all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, for their enterprise funds and business-type activities. The Authority has elected not to implement this option.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

1. Organization and basis of presentation (continued):

Basis of presentation (continued):

Per the criteria set forth in generally accepted accounting principles, the Authority's financial statements are included in the City's comprehensive annual financial report (CAFR) as a component unit of the City for its fiscal years 2015 and 2014.

2. Summary of significant accounting policies:

Cash and cash equivalents:

The Authority considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Credit and interest risk:

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. At December 31, 2015 and 2014, the Authority's unrestricted cash deposits in bank accounts were either entirely covered by federal depository insurance or maintained with high credit quality institutions. The Authority has not experienced any losses in such accounts. The Authority's restricted investments were either entirely covered by federal depository insurance or by collateral held by the Authority's custodial bank in the Authority's name as of and for the years ended December 31, 2015 and 2014.

Capital assets:

Capital assets are defined by the Authority as assets with an initial, individual cost of at least \$1,000. The building and improvements cost consists of the initial construction cost of the building, capitalized interest and additional costs incurred during the construction period, and improvements made to the building after initial construction. Interest was capitalized as incurred during the construction period; interest earned on unexpended bond funds was offset against interest capitalized. Purchased capital assets are recorded at historical cost. Construction in progress is carried at cost and is to be depreciated when placed into service over the estimated useful lives of those assets. Construction costs are capitalized as incurred. The cost of normal maintenance and repairs, which neither materially add to the value of an asset nor prolong its life, are expensed during the period incurred.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	7 to 40 years
Furnishings and equipment	7 to 15 years
Computer systems	3 years

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

2. Summary of significant accounting policies (continued):

Capital assets (continued):

Management assesses the carrying values of its long-lived assets for impairment when circumstances indicate such amounts may not be recoverable from future operations. Based on its review, management does not believe any impairment has occurred as of December 31, 2015.

Receivables:

Receivables are presented in the financial statements net of any allowance for doubtful accounts. An allowance for doubtful accounts is recorded when it is probable that the receivable balance will not be collected and is based upon historical trends and the periodic aging of receivables. Increases in the allowance for doubtful accounts are recorded as charges to bad debt expense and are reflected in general and administrative expense in the Statements of Revenues, Expenses and Changes in Net Position. The Authority recorded an allowance of approximately \$104,000 and \$110,000 as of December 31, 2015 and 2014, respectively.

Amortization of bond premium:

The bond premium is recorded as an increase in the carrying value of the bonds and is amortized based upon the weighted average amount of bonds outstanding over the term of the bonds (the bonds outstanding method).

Equity classifications:

Equity is classified as net position and is displayed in three components:

Net investment in capital assets

Consists of capital assets and deferred amount on refunding, which are reduced by the outstanding balance of bonds and accrued interest that are attributable to the acquisition and construction of these assets.

Restricted net position

Consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Net position restricted for debt service represents restricted investments held in a Senior Debt Service Reserve Fund, Senior Debt Service Account, Senior Special Debt Service Reserve Fund and Redemption Fund, as defined (Note 3). Net position restricted for capital projects represents restricted investments of \$32,970,000 and \$30,803,000, plus other assets of \$6,438,000 and \$6,755,000 at December 31, 2015 and 2014, respectively.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

2. Summary of significant accounting policies (continued):

Equity classifications (continued):

Unrestricted net position

Consists of all other assets and liabilities that do not meet the definition of “restricted” or “net investment in capital assets.”

Operating revenues and expenses:

Operating revenues and expenses result from providing services in connection with the operations of the Hotel. Revenues are recognized when services are rendered. Operating revenues are net of sales, use, occupancy and similar taxes (excluded from revenues) on the Statements of Revenues, Expenses and Changes in Net Position (Deficit). Operating expenses include the cost of sales and services, general and administrative expenses, amortization of prepaid bond insurance and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating income and expenses.

Income taxes:

The Authority is organized as a non-profit corporation and as such, its income generated in the exercise of its essential government functions is excluded from income tax. Accordingly, no provision for federal or state income taxes has been provided in the accompanying financial statements.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America for governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Advertising:

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2015 and 2014, were approximately \$1,881,000 and \$1,862,000, respectively, and are included in general and administrative expenses in the accompanying Statements of Revenues, Expenses, and Changes in Net Position (Deficit).

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

2. Summary of significant accounting policies (continued):

Reclassifications:

Certain 2014 balances have been reclassified to conform to the 2015 financial statement presentation as a result of revisions to industry practices outlined in the Eleventh Revised Edition of the Uniform System of Accounts for the Lodging Industry (the "Guide"). The Guide establishes standardized formats and account classifications in the preparation and presentation of financial statement for lodging operations. The most significant changes include the presentation of information and telecommunication systems expenses as a separate line item and certain commissions and rebates presented net of room revenue in the Statements of Revenues, Expenses, and Changes in Net Position (Deficit).

Recently issued and adopted accounting pronouncements:

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*. Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement No. 68, as well as for nonemployer governments that have a legal obligation to contribute to those plans. The Statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The requirements of Statement No. 68 became effective for the Authority on January 1, 2015 and did not have a material impact on its 2015 financial statements, as the Statement's requirements apply to pensions for governments whose employees are provided with pensions through pension plans and nonemployer governments that have a legal obligation to contribute to those plans. The employees covered by a pension plan (Note 8) are employees of the Hyatt Regency Denver at Colorado Convention Center ("Hyatt Regency").

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68*. Statement No. 71 amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The requirements of Statement No. 71 are required to be applied simultaneously with the requirements of Statement No. 68.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

2. Summary of significant accounting policies (continued):

Recently issued and adopted accounting pronouncements (continued):

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurements and Application*. Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of Statement No. 72 are effective for the Authority on January 1, 2016. The Authority is currently assessing the impact that this statement may have on its 2016 financial statements.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendment to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. Earlier application is encouraged. The Authority is currently assessing the impact that this Statement may have on its 2016 financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

2. Summary of significant accounting policies (continued):

Recently issued and adopted accounting pronouncements (continued):

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. It is not expected that this Statement will impact the Authority's financial statements, as it does not change current GAAP.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided Through Certain Multi-employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The Authority is currently assessing the impact that this Statement may have on its 2016 financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units-an Amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The Authority is currently assessing the impact that this Statement may have on its 2016 financial statements.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

3. Restricted investments:

Restricted investments are segregated in the following funds at December 31, 2015 and 2014:

	2015 (in thousands)	2014 (in thousands)
Senior Debt Service Reserve Fund	\$ 22,500	\$ 22,500
Cash Trap Fund	9,002	8,177
Operating Reserve Fund	5,000	5,000
Taxes and Insurance Fund	4,845	4,371
Debt Service Fund, Senior Debt Service Account	1,872	1,842
Subordinate FF&E CapEx Fund	537	1,790
Senior FF&E Reserve Fund	-	62
Administrative Expenses Fund	376	265
Senior Special Debt Service Reserve Fund	12,000	12,000
Subordinate Management Fee Fund	56	56
Supersubordinate Management Fee Fund	56	56
Redemption Fund	5,281	5,281
Authority Fund	3,524	3,021
Senior CapEx Reserve Fund	8,044	6,633
Available Revenue Fund	535	535
Eligible Employee Bonus Pool Reserve Fund	995	837
	<u>74,623</u>	<u>72,426</u>
Restricted investments, current	12,973	11,362
Restricted investments, non-current	<u>\$ 61,650</u>	<u>\$ 61,064</u>

The amount of restricted investments classified as current represent funds that are scheduled to pay the current portion of bonds payable, accrued interest and accrued property taxes in the following year.

Senior Debt Service Reserve Fund - is to be used to cure any deficiency in the Senior Debt Service Account; interest and profits are transferred to the Senior Debt Service Account.

Cash Trap Fund - is used, subject to certain terms and conditions, to pay any unpaid expenses or obligations incurred with respect to the Project, to pay any administrative expenses in excess of the amounts available to pay such expenses in the Administrative Expenses Fund and other expenditures, including but not limited to unbudgeted capital emergency expenses, expenditures required to protect life, health or property from imminent or to comply with legal requirements and costs of insurance, or any other expenses and items requested by the Hotel manager with prior notice.

Operating Reserve Fund - represents a required operating reserve (\$5 million cash and a \$5 million letter of credit, (Note 7)); interest and profits are transferred into the Senior Debt Service Account.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

3. Restricted investments (continued):

Taxes and Insurance Fund - is used to pay taxes and insurance premiums with respect to the ownership and operation of the Project and to pay any costs incurred by the Authority in challenging the imposition of any taxes.

Debt Service Fund and within such fund, the Senior Debt Service Account - is used to pay debt service on the Series 2006 Bonds; interest and profits from investing these funds are transferred to the Administrative Expenses Fund.

Subordinate FF&E/CapEx Reserve Fund - is a fund used for replacement and additions to Hotel furnishings and equipment to the extent sufficient funds are not available in the Senior CapEx Reserve Fund. Deposits equal 2.0% of gross operating revenues, as defined, of the Hotel for each year of operations.

Senior FF&E Reserve Fund - is a fund used for replacement and additions to Hotel furnishings and equipment. Deposits equal 2.5% of gross operating revenues, as defined, of the Hotel for each year of operations. During the year ended December 31, 2015, all funds available in the Senior FF&E Reserve Fund were utilized in the renovation of the Hotel conference rooms.

Administrative Expenses Fund - is used to pay the administrative expenses related to the administration of the Series 2006 Bonds and the Project including fees and expenses of any consultants after the opening of the Hotel and the expenses of the Authority.

Senior Special Debt Service Reserve Fund - is to be used to apply amounts to any deficiency in the Senior Debt Service Account with certain limitations; interest and any remaining amounts are transferred to the Excess Revenue Fund provided certain conditions are met.

Subordinate Management Fee Fund - is to be used to apply amounts to any deficiency in the Senior Debt Service Account with certain limitations; after paying the amounts, if any, all amounts remaining on deposit in this fund shall be paid to Hyatt to pay the Subordinate Management Fee, as defined in the Management Agreement (Note 7).

Supersubordinate Management Fee Fund - is to be used to apply amounts to any deficiency in the Senior Debt Service Account with certain limitations; after paying the amounts, if any, all amounts remaining on deposit in this fund shall be paid to Hyatt to pay the Supersubordinate Management Fee, as defined in the Management Agreement (Note 7).

Redemption Fund - is to be used to apply amounts to any deficiency in the Senior Debt Service Account with certain limitations; amounts in this fund may be applied to pay the principal and Redemption Price, as defined, and interest on outstanding bonds.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

3. Restricted investments (continued):

Authority Fund - is to be used for any purpose related to the Bonds or the Project and may be disbursed at the direction of the Authority, subject to approval of the bond insurer.

Senior CapEx Reserve Fund - is a fund used for replacement and additions to Hotel furnishings and equipment to the extent sufficient funds are not available in the Senior FF&E Reserve Fund. Deposits equal 1.5% of gross operating revenues, as defined, of the Hotel for each year of operations.

Available Revenue Fund - is a fund in which proceeds from the depository account from the Hotel are deposited and are allocated to the other funds in the order of priority and as directed by the Amended Indenture.

Eligible Employee Bonus Pool Reserve Fund – is a fund used to deposit any excess funds from the Eligible Employee Bonus Pool Fund following payment of bonuses to Executive Committee Personnel pursuant to the Management Agreement, as defined.

In addition to the funds described above, the Authority is required to establish other funds and accounts with the Trustee and is required to maintain certain funds in accordance with requirements in the Amended Indenture. These funds had zero balances at December 31, 2015 and 2014, and will be established in future years as required by the Amended Indenture.

All funds held by the Trustee under the provisions of the Amended Indenture are deposited with the Trustee. All funds held by the Trustee are placed in demand or time deposits or, if and as directed by the Authority, invested in certain investment securities.

Amounts in the Senior Debt Service Reserve Fund may be invested solely in direct obligations of the United States or obligations which are unconditionally guaranteed by the United States maturing in two years or less, and/or in certain investment agreements, including guaranteed investment contracts ("GIC's"), forward purchase agreements and reserve fund put agreements, and certain repurchase agreements. If the Trustee fails to receive such direction by the Authority, the Trustee is to invest such amounts in registered money market funds.

The Authority's restricted investments as of December 31, 2015 and 2014 consist of money market funds rated AAAm by Standard & Poor's and Aaa by Moody's Investors Service.

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Money market funds represent investments not evidenced by securities and are in the Authority's name.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

4. Capital assets, net:

At December 31, 2015 and 2014, capital assets consist of the following:

	2015	2014
	(in thousands)	(in thousands)
Land	\$ 23,421	\$ 23,421
Building and improvements	249,753	237,359
Furnishings and equipment	19,194	29,825
Computer systems	7,954	7,976
Construction in progress	204	129
	300,526	298,710
Less accumulated depreciation	85,910	77,804
	<u>\$ 214,616</u>	<u>\$ 220,906</u>

5. Bonds payable:

On April 11, 2006, the Authority released its official statement to issue \$356,155,000 of Series 2006 Bonds; which were issued on the closing date, May 2, 2006, at a premium of \$9,634,610. The stated interest rates on the Series 2006 Bonds range from 4.125% to 5.25%. The Series 2006 Bonds were issued to advance refund \$354,825,000 of outstanding Series 2003A Bonds with stated interest rates that ranged from 2% to 5%. The net proceeds of \$363,402,703 (after payment of \$2,315,007 in underwriting discount and \$72,000 in underwriting fees) were deposited (a) \$2,188,374 into the Capitalized Interest Account to be applied to the payment of interest accruing on the Series 2006 Bonds, (b) \$360,213,000 in an irrevocable escrow fund with an escrow agent to provide for all future debt service payments on the Series 2003A Bonds and (c) the remainder was applied to costs of issuance for the Series 2006 Bonds. As a result, the Series 2003A Bonds are considered to be defeased and the liability for those bonds was removed from the Statement of Net Position (Deficit).

On December 1, 2013, the Series 2003A Bonds were redeemed in full.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the Series 2003A Bonds of \$8,951,091. This difference, reported in the accompanying financial statements as a deferred amount on refunding (net of accumulated amortization), is being charged to operations through the year 2035 using the bonds outstanding method. During the years ended December 31, 2015 and 2014, \$399,000 and \$406,000 was charged to interest expense, respectively. The Authority completed the advance refunding to reduce the balance required in the Senior Special Debt Service Reserve Fund from \$40 million to \$12 million.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

5. Bonds payable (continued):

Under federal tax law, the Authority may only advance refund once. Therefore, in the future, the Authority may only refund the Series 2006 Bonds on a tax-exempt basis as a current refunding, meaning that the earliest it can issue tax-exempt refunding bonds would be ninety days prior to the first optional refunding date of November 1, 2016.

Interest of \$16,586,000 and \$16,843,000 was paid in each of the years 2015 and 2014, respectively, on the Series 2006 Bonds. Interest payments are due each December 1. Interest is payable by the Trustee, as paying agent. Accrued interest at December 31, 2015 and 2014 was approximately \$1,473,000 and \$1,472,000, respectively.

The Series 2006 Bonds are special limited obligations of the Authority, payable as to principal and interest solely from and secured by a first lien upon the Trust Estate established under the Amended Indenture, which may be subject to certain encumbrances allowed under the Amended Indenture. The Trust Estate is comprised of certain revenues and property pledged by the Authority to the Trustee and certain funds and accounts held by the Trustee under the Amended Indenture. Revenues pledged by the Authority to the Trustee include the revenues expected to be derived from the operations of the Hotel, subject only to the payment of certain operating and maintenance expenses, and certain economic development payments by the City, which are subject to annual appropriation (Note 6). The Amended Indenture requires the Authority to meet certain covenants, including a Debt Service Coverage Ratio for the Senior and Subordinate Bonds, as defined. In addition, the Amended Indenture allows the transfer of certain funds out of the Trust Estate to the Authority if the Senior Coverage Requirement, as defined, is met. The calculations are based on a December 1st to November 30th fiscal year. The Debt Service Coverage Ratio and the Senior Coverage Requirement were met for both the fiscal years ended November 30, 2015 and 2014.

As additional security for payment of the Series 2006 Bonds, the Authority granted a lien on, and a security interest in, the site, the Hotel, and related structures and fixtures for the benefit of the Trustee pursuant to a deed of trust, security agreement, assignment of leases and rents, and fixture originally filed on June 1, 2003 to secure the Series 2003A Bonds and modified to secure the Series 2006 Bonds filing dated May 1, 2006. Payment, when due, of the principal and interest on the Series 2006 Bonds is also guaranteed under a Municipal Bond Insurance Policy issued by Syncora Guarantee, Inc., a New York stock insurance company.

The Program Manager provided performance and payment bonds naming the Authority and the Trustee as obligees, each in a sum at least equal to the guaranteed maximum project price of \$228,418,000, as defined.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

5. Bonds payable (continued):

For each of the years ended December 31, 2015 and 2014, amortization of the Series 2006 Bonds bond premium was \$424,000 and \$431,000, respectively. The unamortized premium was \$5,324,000 and \$5,748,000 at December 31, 2015 and 2014, respectively.

Principal and interest payments to be funded to the Trustee on outstanding bonds during the next five years and thereafter are:

Year	Principal (in thousands)	Interest (in thousands)	Total (in thousands)
2016	\$ 6,110	\$ 16,298	\$ 22,408
2017	6,710	16,032	22,742
2018	7,380	15,706	23,086
2019	8,045	15,392	23,437
2020	9,270	14,990	24,260
2021-2025	59,940	66,970	126,910
2026-2030	87,230	49,547	136,777
2031-2035	144,790	24,572	169,362
	329,475	219,507	548,982
Bond premium	5,324	-	5,324
	<u>\$ 334,799</u>	<u>\$ 219,507</u>	<u>\$ 554,306</u>

Optional redemption:

The Series 2006 Bonds maturing on and after December 1, 2016, are subject to redemption at the option of the Authority, in whole or in part, on any date on or after November 1, 2016, from any legally available funds, at a redemption price equal to the principal amount of the Series 2006 Bonds called for redemption, without premium, plus accrued interest to the date fixed for redemption.

Series 2006 Bonds subject to optional redemption are to be selected in such order of maturity as the Authority may direct (unless such redemption is with funds deposited to the Redemption Fund, in which case such redemption is to be in inverse order of maturity and of higher interest rate bearing bonds before lower interest rate bearing bonds). If less than all of the Series 2006 Bonds of a single maturity and interest rate are to be redeemed, the Series 2006 Bonds to be redeemed are to be selected by lot or other random method by the Trustee in such a manner as the Trustee may determine; provided however, that the portion of any Series 2006 Bonds of a denomination greater than the minimum authorized denomination for the Series 2006 Bonds to be redeemed are to be redeemed in part only in authorized denominations and that, in selecting portions of Series 2006 Bonds for redemption, the Trustee is to treat each Series 2006 Bond as representing that number of Series 2006 Bonds of the minimum authorized denomination that is obtained by dividing the principal amount of such Series 2006 Bonds to be redeemed in part by the minimum authorized denomination. In the case of any partial redemption during the continuance of an event of default under the Indenture, as defined, such redemption is to be made on a pro rata basis of all outstanding Series 2006 Bonds called for redemption, without differentiation by maturity or within a maturity.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

5. Bonds payable (continued):

Mandatory sinking fund redemption:

The Series 2006 Bonds maturing on December 1, 2030, with coupons of 5% and 4.625% are subject to mandatory redemption at a redemption price equal to the principal amount of the Series 2006 Bonds maturing on December 1, 2030, with coupons of 5% and 4.625% being redeemed, together with accrued interest to the redemption date, pursuant to sinking fund installments on December 1 in each of the years and principal amounts set forth in the table below, except that the sinking fund installments of Series 2006 Bonds maturing on December 1, 2030, with coupons of 5% and 4.625% are to be reduced in a manner determined by the Authority (with certain exceptions) by the principal amount of any Series 2006 Bonds maturing on December 1, 2030, with coupons of 5% and 4.625%, redeemed pursuant to any other optional or mandatory redemption provision on or before the date on which any sinking fund installment is due:

<u>Year</u>	<u>Sinking fund installment</u>	
	<u>5% coupon</u>	<u>4.625% coupon</u>
	(in thousands)	(in thousands)
2027	\$ 14,920	\$ 1,250
2028	16,135	1,250
2029	17,415	1,250
2030	18,755	1,250

The Series 2006 Bonds maturing on December 1, 2035 with coupons of 5% and 4.75% are subject to mandatory redemption at a redemption price equal to the principal amount of the Series 2006 Bonds maturing on December 1, 2035 with coupons of 5% and 4.75% being redeemed, together with accrued interest to the redemption date, pursuant to sinking fund installments on December 1 in each of the years and principal amounts set forth in the table below, except that the sinking fund installments of Series 2006 Bonds maturing on December 1, 2035 with coupons of 5% and 4.75% are to be reduced in a manner determined by the Authority (with certain exceptions) by the principal amount of any Series 2006 Bonds maturing on December 1, 2035 with coupons of 5% and 4.75%, redeemed pursuant to any other optional or mandatory redemption provision on or before the date on which any sinking fund installment is due:

<u>Year</u>	<u>Sinking fund installment</u>	
	<u>5% coupon</u>	<u>4.75% coupon</u>
	(in thousands)	(in thousands)
2031	\$ 16,430	\$ 5,000
2032	17,920	5,000
2033	19,240	5,000
2034	20,800	5,000
2035	45,400	5,000

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

5. Bonds payable (continued):

Mandatory sinking fund redemption (continued):

Whenever by the terms of the Indenture the Trustee is required or authorized to redeem Series 2006 Bonds otherwise than at the option of the Authority, the Trustee is to select the Series 2006 Bonds to be redeemed, give notice of redemption and pay, out of funds available, the redemption price plus interest accrued and unpaid to the redemption date, to the registered owners of Series 2006 Bonds to be redeemed in accordance with the terms of the Indenture.

In lieu of depositing cash with the Trustee as a mandatory sinking fund payment with respect to Series 2006 Bonds of a maturity and interest rate, the Authority shall have the option to tender to the Trustee for cancellation at least 45 days prior to a sinking fund redemption date any amount of Series 2006 Bonds of such maturity and interest rate purchased by the Authority, which Series 2006 Bonds may be purchased by or upon the direction of the Authority at public or private sale as and when and at such prices not in excess of the par amount thereof plus accrued interest thereon as the Authority may in its discretion determine from moneys held by the Trustee that are available for such purpose. The par amount of any Series 2006 Bonds of a maturity and interest rate so purchased by or upon the direction of the Authority and tendered to the Trustee in any 12-month period ended October 1 in any calendar year shall be credited towards and shall reduce the next mandatory sinking fund payments required to be made with respect to Bonds of such maturity and interest rate in the order in which they are required to be made pursuant to the Amended Indenture.

Extraordinary mandatory redemption:

The Series 2006 Bonds are subject to extraordinary mandatory redemption at the direction of the Authority, in whole or in part on the earliest date following the date for which notice of redemption can be given as provided in the Amended Indenture, at a price equal to the principal amount of the Series 2006 Bonds to be redeemed plus interest accrued to the date fixed for redemption, without premium, from proceeds of insurance (including any title insurance), payment received under performance and payment bonds and any guaranty, or condemnation awards permitted or required to be applied to such redemption under the Amended Indenture.

Commencing on June 1, 2003, the Authority entered into an Economic Development Agreement with the City (the "Agreement") that provides for the Authority to make certain payments of excess revenues to the City and certain payments in lieu of City property taxes and for the City to make certain economic development payments to the Authority or its assignee ("Economic Development Payments"). These payment obligations terminate if the Agreement terminates. The Agreement is automatically renewed at the end of each year, unless the City gives notice to the Authority of its intent not to renew, for additional one-year terms through the 35th calendar year after the opening date of the Hotel, as defined, or such later date that all required Economic Development Payments have been paid.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

6. Economic development agreement:

The Agreement provides that commencing in 2006 (with the calendar year immediately succeeding the opening date of the Hotel) the Authority is to make payments in lieu of taxes to the City during the term of the Agreement. Payments in lieu of taxes for each calendar year shall be an amount equal to the product of the assessed value of the Hotel for the prior calendar year and the total mill levy certified by the Assessor of the City which would have been applicable to the Hotel during the preceding calendar year as if the Hotel had been subject to property taxation. Payments to the City in lieu of taxes shall be made prior to the payment of debt service on any senior indebtedness (including the Series 2006 Bonds) provided however, that if the Hotel is later determined to be subject to property taxation by the City or any other taxing jurisdiction, the Authority shall continue to be obligated to pay the payments in lieu of taxes and the payments shall only be made from funds released from the Indenture to the Authority (i.e. following payment of debt service and other amounts required under the Amended Indenture). In addition to payments in lieu of taxes, the Authority is required to pay to the City any excess revenues at least once per year. Excess revenues are deemed to be any amounts released to the Authority under the Amended Indenture. In 2015 and 2014, the Authority paid excess revenues from the Excess Revenue Fund to the City in the amount of \$9,476,000 and \$8,970,000, respectively. This amount was presented as unallocated payments to the City in the Statements of Revenues, Expenses and Changes in Net Position (Deficit).

The Agreement also provides that the City make annual Economic Development Payments to the Authority or its assignee. Until the Amended Indenture has been defeased, these payments shall be made to the Trustee as the assignee of the Authority for deposit into the Senior Special Debt Service Reserve Fund, as defined. Such payments shall be made on a year-to-year basis, which are based on currently budgeted expenditures of the City if an appropriation or a supplemental appropriation has been effected for such purpose, as defined. The obligations of the City under the Agreement extend only to funds for which an appropriation or a supplemental appropriation has been effected by the City and is not to constitute a mandatory payment obligation, a charge or liability of the City in any fiscal year beyond a fiscal year during which the Agreement is in effect. In 2015 and 2014, the City made the scheduled payments of \$10,000,000 and \$9,500,000, respectively. These amounts are presented as unallocated receipts from the City in the Statements of Revenues, Expenses, and Changes in Net Position. Additional refunds will be made to the City each year for amounts in the Senior Special Debt Service Reserve Fund, as defined, in excess of \$12,000,000. At December 31, 2015, this fund balance was \$12,000,000 (Note 3). Payments, to be made semi-annually by the City, are scheduled to be paid as follows:

<u>Year</u>	<u>Annual amount</u> (in thousands)
2016	\$ 10,500
2017	\$ 10,750

For years after 2017, until termination of the Agreement, the scheduled payment is \$11,000 per year.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

6. Economic development agreement (continued):

Pursuant to the Agreement, the City also has the option to purchase the Hotel from the Authority for the "Purchase Option Price". The Purchase Option Price is defined as the amount sufficient to pay, defease or provide for the payment of all of the Authority's obligations with respect to the Hotel. The Purchase Option Price is to include an amount sufficient to either pay the aggregate amount of the principal or redemption price and accrued interest on all of the Series 2006 Bonds outstanding as of the date of such payment or redemption, or defease all Series 2006 Bonds in accordance with the Amended Indenture in excess of the amount required to pay or defease the Series 2006 Bonds. The Purchase Option Price may be reduced by the amount of any obligations of the Authority related to the Hotel assumed by the City.

7. Commitments and contingencies:

Hotel management agreement:

Effective June 1, 2003, the Authority entered into an agreement with Hyatt for the operation and management of the Hotel (the "Management Agreement"). The term of the Management Agreement is 15 years commencing on the Hotel opening date, unless terminated sooner pursuant to agreement provisions. The Management Agreement requires the Authority to pay Hyatt the following fees:

Base management fee – for each twelve-month period ending December 19th, the base management fee is \$2,785,260 plus an inflation adjustment. During the years ended December 31, 2015 and 2014, the Authority incurred approximately \$3,152,000 and \$3,066,000, respectively, in base management fees, which have been recorded as an operating expense.

Subordinate management fee – for each twelve-month period ending December 19th, the subordinate management fee is to equal \$696,315 per year plus an inflation adjustment. The Subordinate management fee shall be paid only to the extent of the balance of the Subordinate Management Fee Fund, as defined in the Management Agreement, as of the date of payment. If the balance of the Subordinate Management Fee Fund is not sufficient to satisfy the fee, the unpaid portion of such fee is to be accrued, without interest, and shall be paid as soon as there are funds in the Subordinate Management Fee Fund. After the bonds are no longer outstanding, any subordinate management fees in excess of amounts available in the Subordinate Management Fee Fund are to be paid within thirty days of delivery of an invoice from Hyatt. During the years ended December 31, 2015 and 2014, the Authority incurred approximately \$788,000 and \$766,000 respectively, in subordinate management fees, which have been recorded as an operating expense.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

7. Commitments and contingencies (continued):

Hotel management agreement (continued):

Supersubordinate management fee – for each twelve-month period ending December 19th, the supersubordinate management fee is to equal \$696,315 per year plus an inflation adjustment. The supersubordinate management fee shall be paid only to the extent of the balance of the Supersubordinate Management Fee Fund, as defined in the Management Agreement, as of the date of payment. If the balance of the Supersubordinate Management Fee Fund is not sufficient to satisfy the fee, the unpaid portion of such fee is to be accrued, without interest, and shall be paid as soon as there are funds in the Supersubordinate Management Fee Fund. After the bonds are no longer outstanding, any supersubordinate management fees in excess of amounts available in the Supersubordinate Management Fee Fund are to be paid within thirty days of delivery of an invoice from Hyatt. During the years ended December 31, 2015 and 2014, the Authority incurred approximately \$788,000 and \$766,000, respectively, in supersubordinate management fees, which have been recorded as an operating expense.

Commencing with the first full calendar year in which the Hotel opening date occurs, and continuing each operating year thereafter, the Authority is obligated to pay Hyatt \$482,400 as an eligible employee bonus pool (the “Bonus Pool”) plus an inflation adjustment. In the event that bonuses awarded during an operating year exceed the Bonus Pool for such operating year, then the Bonus Pool shall be increased in the amount by which the awarded bonuses exceed the Bonus Pool, but in no event will such increase to the Bonus Pool exceed an amount equal to 5% of the Management Fee, as defined. In addition, the Authority is obligated to pay Hyatt for the Hotel’s pro rata share of allocable chain expenses and system costs, as well as certain reimbursable expenses, taxes and assessments, as defined. During the years ended December 31, 2015 and 2014, the Authority paid Hyatt approximately \$8,359,000 and \$8,432,000 respectively, for these costs and expenses.

Manager letter of credit:

Hyatt is required to maintain a letter of credit in favor of the Trustee during the term of the Management Agreement (the “Manager Letter of Credit”). The Manager Letter of Credit may be held in lieu of a portion of the deposit required to be made to the Operating Reserve Fund or the Senior Debt Service Reserve Fund, as applicable. The Manager Letter of Credit is held by the Trustee, to be drawn upon (i) if in the Senior Debt Service Reserve Fund, to the extent amounts on deposit in the Senior Debt Service Reserve Fund are not sufficient to pay debt service on the Series 2006 Bonds when due and (ii) if in the Operating Reserve Fund, to the extent amounts on deposit in the Operating Reserve Fund are insufficient for any purpose for which the Operating Reserve Fund is to be applied. The Manager Letter of Credit was initially \$10 million and was reduced to \$5 million in 2008. It is to be reduced to \$2.5 million in the future, if required debt service coverage levels are maintained over certain periods of time. The Manager Letter of Credit of \$5 million was held in the Operating Reserve Fund (Note 3) as of December 31, 2015 and 2014 to meet the operating reserve requirement, as defined. No funds have been drawn from the Manager Letter of Credit since the Authority entered into the Management Agreement.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

7. Commitments and contingencies (continued):

Manager letter of credit (continued):

The Manager Letter of Credit is also available to be drawn upon as provided in the Amended Indenture.

The Authority is required to reimburse Hyatt for any draws under the Manager Letter of Credit, together with interest on any unpaid draws equal to 8.00% per year as set forth in the Amended Indenture.

Upon termination of the Management Agreement for any reason (and as a condition precedent thereto), the Trustee is to deliver the Manager Letter of Credit to Hyatt and make certain repayments or certain reimbursements to Hyatt under the conditions described in the Management Agreement.

Hyatt has the option to loan to the Authority the amount of any draw, which would otherwise be made under the Manager Letter of Credit. Such loan is to be repaid in the same manner as an unpaid draw under the Manager Letter of Credit and the principal amount of such loan, if made, will reduce the amount otherwise available for draw under the Manager Letter of Credit.

Asset management agreement:

In June 2004, the Authority entered into an agreement with Capital Hotel Management, LLC ("CHM") to assist the Authority in overseeing the operations of the Project ("Asset Management Agreement"). The term of the Asset Management Agreement began on June 28, 2004 and ends on December 31, 2017, subject to terms of extension. The Asset Management Agreement requires the Authority to pay CHM monthly fees of approximately \$25,000 during each of the years ended December 31, 2015 and 2014, not including reimbursable expenses. A total of \$323,000 and \$312,000 was paid by the Authority to CHM during the years ended December 31, 2015 and 2014, respectively.

Professional services agreement, related party:

In November 2003, the Authority entered into an agreement with Mosher Sullivan Development Partners, LLC ("Mosher Sullivan") for professional services. Under the agreement, Mosher Sullivan is to make William E. Mosher available to act as chief executive officer of the Authority. The agreement requires the Authority to pay Mosher Sullivan fees of \$12,000 per month as long as the agreement is not terminated. During each of the years ended December 31, 2015 and 2014, the Authority paid Mosher Sullivan a total of \$144,000.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

8. Multi-employer pension plan

The Hyatt Regency participates in a defined benefit pension plan (the "Plan") administered by Alicare, Inc. and Amalgamated Life Insurance Company for the benefit of hotel industry employees covered by a union (the "Fund"). The rate of contributions per employee is determined by a collective bargaining agreement (the "Collective Bargaining Agreement").

The risks of participating in a multi-employer pension plan are different from a single-employer plan in the following aspects: a) assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers; b) if a participating employer stops contributing to the Plan, the unfunded obligations of the Plan may be borne by the remaining participating employers; c) if the Hyatt Regency elects to stop participating in the Plan, the Hotel may be required to pay a withdrawal liability based on the underfunded status of the Plan, as applicable.

As of December 31, 2015 and 2014, approximately 56% and 53% of the Hyatt Regency's employees were subject to the Collective Bargaining Agreement, respectively. The Hyatt Regency is a participant in the Plan through this Collective Bargaining Agreement covering union employees. The Hyatt Regency's participation in the Plan is outlined in the table below:

<u>Legal Name of the Plan</u>	<u>Employer Identification Number/Plan Number</u>	<u>Contributions</u>	
		<u>2015</u>	<u>2014</u>
The Pension Plan of the National Retirement Fund	13-6130178-001	\$ 154,000	\$ 148,000

As of January 1, 2015 and 2014, the Plan is 73.6% and 69.2% funded, respectively, and is in critical status as a result of critical status funding issues. The Plan has not utilized any extended amortization provisions that affect the calculation of the zone status. Federal Law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. On April 1, 2010, the Plan's trustees adopted a rehabilitation plan. The Plan's rehabilitation plan affects the benefits of the Plan's participants and beneficiaries with annuity starting dates on or after June 1, 2010. There were no surcharges paid to the Plan in 2015 or 2014.

The Hyatt Regency's contributions are based on a percentage of all union employees' wages as dictated by the Collective Bargaining Agreement that expires on February 28, 2018. The Hyatt Regency's contributions to the Plan did not exceed 5% of the total contributions to the pension fund in 2014 or 2013. The minimum contributions required for future periods by the collective-bargaining agreement are \$0.31/hour effective June 1, 2015. Effective June 1, 2016, the rate increases by 4.56%.

DENVER CONVENTION CENTER HOTEL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2015 AND 2014

8. Multi-employer pension plan (continued):

Under the Employee Retirement Income Security Act of 1974, as amended by the Multiemployer Pension Plan Amendments Act of 1980, an employer is liable upon withdrawal from or termination of a multiemployer plan for its proportionate share of a plan's unfunded vested benefits liability. Based on information provided by the administrators of the Plan, the Hyatt Regency's share of the unfunded vested liability for the plan year beginning January 1, 2015 is estimated to be approximately \$3,239,000 (the "Potential Liability").

Hyatt, not the Authority, is a party to the Collective Bargaining Agreement. The Authority is not responsible for the Potential Liability nor does it have any obligation to contribute to the Plan. However, pursuant to the Management Agreement, all costs paid by Hyatt that are associated with the compensation and benefits of Hotel personnel are considered Operating Expenses (as defined in the Master Glossary of Terms for Denver Convention Center Hotel Authority Convention Center Hotel Revenue Bond Transaction, dated as of June 1, 2003) and it is the responsibility of the Authority to reimburse Hyatt for all Operating Expenses, subject to the Amended Indenture. Therefore, should Hyatt be required to pay the Potential Liability, the Authority would be obligated to reimburse Hyatt for the amount of the Potential Liability as an Operating Expense. If the cost of reimbursing the Potential Liability as an Operating Expense resulted in a reduction in net revenue below a certain level, the Potential Liability also could result in delayed payment of management fees to Hyatt under the Management Agreement and Amended Indenture and a reduction in the annual payment to the City under the Economic Development Agreement and the Amended Indenture.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Independent Auditors' Report

Board of Directors
Denver Convention Center Hotel Authority

We have audited, 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, the financial statements of the business-type activities of the Denver Convention Center Hotel Authority (the "Authority") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 31, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



March 31, 2016

APPENDIX J

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully-registered securities registered 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 certificate will be issued for each maturity of the Series 2016 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has 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.

Purchases of Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016 Bond ("Beneficial Owner") is in turn to 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 Series 2016 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 Series 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 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 Series 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2016 Bond documents. For example, Beneficial Owners of Series 2016 Bonds may wish to ascertain that the nominee holding the Series 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Series 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Series 2016 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 Authority or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, 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 depository with respect to the Series 2016 Bonds at any time by giving reasonable notice to the Authority or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2016 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2016 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

