

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team

at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**. Contact the Mayor's Legislative team with questions

Date of Request: **November 8, 2021**

Please mark one: **Bill Request** or **Resolution Request**

1. Type of Request:

- Contract/Grant Agreement** **Intergovernmental Agreement (IGA)** **Rezoning/Text Amendment**
 Dedication/Vacation **Appropriation/Supplemental** **DRMC Change**

X Other:

2. Title: (Start with *approves, amends, dedicates*, etc., include name of company or contractor and indicate the type of request: grant acceptance, contract execution, contract amendment, municipal code change, supplemental request, etc.)

An ordinance to authorize the Manager of Finance, Chief Financial Officer to issue City and County of Denver, for and on behalf of its Department of Aviation, Airport Subordinate Interim Note Obligations, in a principal amount not to exceed \$700 million for the purpose of providing interim funding for projects in the Airports existing 2018-2022 Capital Improvement Plan and paying costs of issuance expenses.

3. Requesting Agency: Department of Finance

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Guadalupe Gutierrez-Vasquez	Name: Guadalupe Gutierrez-Vasquez
Email: lupe.gutierrez@denvergov.org	Email: lupe.gutierrez@denvergov.org

5. General description or background of proposed request. Attach executive summary if more space needed:

The proposed ordinance supports the objective of securing interim financing for the airports existing cash needs related to funding its existing 2018-2022 Capital Improvement Plan on short-term basis, as it develops its next 5-year capital improvement plan. It is expected that the interim financing will be in place through 2022, at which point it will be refunded with long-terms bonds.

The interim note obligations will be issued as variable rate obligations set at the SIFMA index plus a fixed spread, currently total interest rate is estimated to be less than 1%. The notes will be directly purchased by Bank of America who was selected via a competitive process. The final par-amount, and rate of interest will be finalized upon Council authorization of the transaction and will not exceed authorized amounts.

The notes will be paid solely from airport revenues and are not a direct obligation of the City.

6. City Attorney assigned to this request (if applicable): Everett Martinez

7. City Council District: District 11- Stacie Gilmore

8. **For all contracts, fill out and submit accompanying Key Contract Terms worksheet**

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: BR21 1388

Date Entered: _____

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property):
Interim Financing via Subordinate Note Obligations

Vendor/Contractor Name: N/A

Contract control number: N/A

Location: bond projects will be located at DEN, which is located in Council District 11

Is this a new contract? N/A Yes No **Is this an Amendment?** N/A Yes No **If yes, how many?** _____

Contract Term/Duration (for amended contracts, include existing term dates and amended dates):
 Term of the notes will extend beyond 2022.

Contract Amount (indicate existing amount, amended amount and new contract total): N/A

<i>Current Contract Amount</i> (A)	<i>Additional Funds</i> (B)	<i>Total Contract Amount</i> (A+B)

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>

Scope of work: N/A

Was this contractor selected by competitive process? Direct Purchaser of the bonds, Bank of America was selected via a competitive process

If not, why not?

Has this contractor provided these services to the City before? N/A Yes No

Source of funds: Bonds will be repaid solely by revenues/fees of the Airport

Is this contract subject to: W/MBE DBE SBE XO101 ACDBE N/A

WBE/MBE/DBE commitments (construction, design, Airport concession contracts):

Who are the subcontractors: **CITY AND COUNTY OF DENVER**

DEPARTMENT OF FINANCE

BRENDAN J. HANLON
 MANAGER OF FINANCE

201 W. COLFAX AVE.
 DEPT. 1010
 DENVER, COLORADO 80202

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: BR21 1388

Date Entered: _____

Executive Summary- An Ordinance to Issue (Subordinate) Interim Note Obligations

The proposed ordinance authorizes the Manager of Finance, on behalf to the Department of Aviation, to issue subordinate Note Obligations to be directly purchased by Bank of America for the purpose of securing interim funding of up to \$700 million. The Subordinate Note Obligations will serve as an interim financing vehicle for DEN to fund immediate needs for remaining projects identified in the 2018-2022 Capital Improvement Plan (CIP), most notably the gate expansion project and Great Hall Phases 1-2. This transaction enables progress to continue for the remaining 2018-2022 CIP projects by providing funding; while providing flexibility for DEN as it develops it's next 5-year capital improvement plan. The City expects to refund the interim financing facility with long-term fixed rate bonds in June 2022, transaction which will also be subject to City Council approval.

The Note Obligations constitute a subordinate contract obligation, authorized under the Airports General Subordinate Bond Ordinance. The direct purchaser of the Note Obligations is, Bank of America, was selected via a competitive selection process. Bank of America will not require a rating or disclosure document for the transaction.

Key terms:

Principal Amount: \$700 million

Interest Rate: SIFMA* + fixed spread (11 basis points)

Tax status: AMT and Non-AMT

Terms: not to extend beyond 2022

(1) SIFMA is the Securities Industry and Financial Markets Association's SIFMA municipal swap index. The index is calculated weekly based upon the trading of 7-day high-grade variable rate municipal bonds. On October 27, 2021 the SIFMA index was set at 0.05%.

The City has by ordinance designated the Department of Aviation as an Enterprise within the meaning of the TABOR Amendment to the Colorado State Constitution. Subordinate Airport System Revenue Bonds and Obligations such as these Subordinate Note Obligations are special obligations of the City, for and on behalf of the Department of Aviation, payable solely from and secured by a subordinate pledge of the Net Revenues of the Airport System. None of the properties of the Airport System is subject to any mortgage or other lien for the benefit of the owners of the Bonds. Neither the full faith and credit, nor the taxing power of the City, will be pledged in payment of Airport System Revenue Bonds or Obligations.

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Date Entered: _____

Revised 03/02/18