

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team
at MailHighOrdinance@DenverGov.org by **3:00pm on Monday**.

****All fields must be completed.****

Incomplete request forms will be returned to sender which may cause a delay in processing.

Date of Request: **February 7, 2011**

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

1. Has your agency submitted this request in the last 12 months?

Yes **No**

If yes, please explain:

2. Title: *(Include a concise, one sentence description – please include name of company or contractor and contract control number - that clearly indicates the type of request: grant acceptance, contract execution, 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 the Department of Aviation, Airport Revenue Refunding Bonds, Series 2011A in an amount not to exceed \$400,000,000 for the purpose of refunding outstanding 2000A and 2008A3-A4 Airport Revenue Bonds.

3. Requesting Agency: Department of Finance

4. Contact Person: *(With actual knowledge of proposed ordinance/resolution.)*

- **Name:** Guadalupe Gutierrez
- **Phone:** 720-913-9370
- **Email:** lupe.gutierrez@denvergov.org

5. Contact Person: *(With actual knowledge of proposed ordinance/resolution who will present the item at Mayor-Council and who will be available for first and second reading, if necessary.)*

- **Name:** Guadalupe Gutierrez
- **Phone:** 720-913-9370
- **Email:** lupe.gutierrez@denvergov.org

6. General description of proposed ordinance including contract scope of work if applicable:

The proposed ordinance authorizes the issuance of approximately \$400,000,000 Airport System Revenue Refunding Bonds, Series 2011A. The Series 2011A bonds will be issued as tax-exempt fixed rate obligations. The bond proceeds will be used to refund all remaining 2000A and 2008A3 and 2008A4 bonds. No new money will be obtained for projects, including the South Terminal as part of this transaction.

****Please complete the following fields:** *(Incomplete fields may result in a delay in processing. If a field is not applicable, please enter N/A for that field.)*

- a. **Contract Control Number:** N/A
 - b. **Duration:** Term of the 2011A Refunding Bonds will not exceed 21 years (not extending the original final maturity date of 2032)
 - c. **Location:** N/A- Bond proceeds will be used to refund DIA 2000A 2008A3- A4 bonds
 - d. **Affected Council District:** N/A
 - e. **Benefits:** Refunding of 2000A bonds can produce significant debt service savings (\$12MM as of Jan 2011). Refunding of 2008A3-A4 bonds eliminates fees for letters of credit by its fixed rate structure
 - f. **Costs:** Costs associated with the transaction will be paid from the proceeds of the bond refunding
- 7. Is there any controversy surrounding this ordinance?** *(Groups or individuals who may have concerns about it?)* **Please explain.**
No

To be completed by Mayor's Legislative Team:

SIRE Tracking Number: _____

Date Entered: _____



CITY AND COUNTY OF DENVER

DEPARTMENT OF FINANCE

201 W. COLFAX AVE.
DENVER, COLORADO 80202
PHONE: (720) 913-5500

Executive Summary

An Ordinance to Authorize the Manager of Finance to Issue up to \$400 million Airport System Revenue Refunding Bonds, Series 2011A.

The proposed ordinance authorizes the Manager of Finance to issue up to \$400 million Airport System Revenue Refunding Bonds, Series 2011A, to refund bonds issued by the City, for and on behalf of the Department of Aviation, in 2000 and 2008. The Series 2011A bonds will be issued as tax-exempt, fixed-rate obligations and will not extend the original maturity date of 2032.

In 2008, the City issued approximately \$277 million of Series 2008A3 and 2008A4 term bonds for the purpose of restructuring certain distressed auction rate and variable rate demand bonds to eliminate exposure to rising interest rates as a result of the downgrades in ratings of bond insurers (CIFG and FGIC). The 2008A3 and 2008A4 bonds were issued as three-year term bonds with a mandatory tender date of May 15, 2011. This structure was done to allow for the bonds to be refunded with fixed rate debt once market conditions stabilized and improved. An open market purchase transaction done as part of the 2009A and 2010A DIA financings retired approximately \$80 million of the bonds, thereby reducing the size of this transaction to approximately \$200 million. The refunding is being undertaken to address the mandatory tender on the 2008A3 and 2008A4 bonds due May 15, 2011.

The remaining proceeds of the 2011A financing will be used to refund \$200 million outstanding Series 2000A bonds to achieve debt service savings for the Airport. Based on current bond rates, a refunding of these bonds could produce approximately \$12 million of present value savings.

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. The Series 2011A Bonds are special obligations of the City, for and on behalf of the Department of Aviation, payable solely from and secured by a pledge of the Net Revenues of the Airport System. Neither the full faith and credit, nor the taxing power of the City, will be pledged in payment of the Series 2011A Bonds.

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