

Ordinance/Resolution Request
Please email requests to the Mayor's Legislative Team
At MileHighOrdinance@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: August 20, 2012

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 its Department of Aviation, Airport Revenue Bonds, Series 2012C in an amount not to exceed \$600 million for the purpose of funding Airport capital improvements, refunding outstanding Airport Revenue bonds, and paying costs of issuance expenses.

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 is related to the Series 2012A-B request which supports three debt objectives. The first objective is to authorize the issuance of new money financing to finance various maintenance and improvement projects at Denver International Airport identified as part of the Airports 2013-2018 Capital Improvement Plan. The second objective refund commercial paper, and the third is to reduce debt service payments by refunding certain outstanding DIA bonds. The current unique financial market conditions may warrant issuing a portion of the bonds on a taxable basis because taxable yields are lower than tax-exempt yields on certain bond maturities. The 2012C bonds will be fixed rate taxable obligations and will be issued only if it is financially advantageous to do so. A separate ordinance request is being submitted concurrently for the proposed tax-exempt AMT bonds (Series 2012A). The final par amount and tax-exempt (AMT)/taxable mix will be determined on the day of pricing and is dependent on market conditions.

****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 – please do not leave blank.)

a. Contract Control Number: N/A

b. **Duration:** Term of the 2012C bonds will not exceed 30 years (Refunding will not extend original final maturity of refunded bonds)

c. **Location:** Bond funded improvements will be located at DIA

d. **Affected Council District:** Council District 11

e. **Benefits:** Funds essential capital maintenance and improvement needs for the Airport. Refunding produces debt service savings

f. **Costs:** Costs associated with the transaction will be paid from the proceeds of the bond transaction

7. **Is there any controversy surrounding this ordinance? (Groups or individuals who may have concerns about it?) Please explain.**

There is no identified controversy surrounding this ordinance.

(Completed by Mayor's Office):

Ordinance Request Number:

Date:

To be completed by Mayor's Legislative Team:

SIRE Tracking Number: _____ Date Entered: _____

CITY AND COUNTY OF DENVER



DENVER
THE MILE HIGH CITY

MICHAEL B. HANCOCK
Mayor

DEPARTMENT OF FINANCE

CARY KENNEDY
CHIEF FINANCIAL OFFICER

201 W. COLFAX AVE. Dept. 1010
DENVER, COLORADO 80202
PHONE: (720) 913-5000

Executive Summary **An Ordinance to Issue Airport System Revenue Bonds, Series 2012C**

The proposed ordinance authorizes the Manager of Finance to issue an amount of up to \$600 million taxable Airport System Revenue Bonds, Series 2012C, for the purpose of obtaining new money to fund capital improvements and maintenance, refunding of existing Airport bonds, and paying the costs associated with the issuance of the Series 2012C Bonds. This ordinance is being submitted in conjunction with the Series 2012A-B ordinance request, to allow the City the flexibility to issue taxable versus tax-exempt (AMT*) bonds if it is financially advantageous to do so.

The Series C Bonds (Taxable)

The Airport System Revenue Bonds, Series C will be issued as fixed rate taxable bonds up to an amount of \$600 million. The current unique financial market conditions may warrant issuing all or a portion of the bonds identified as part of the 2012A financing on a taxable basis because taxable yields are lower than tax-exempt AMT yields on certain bond maturities.

This Series 2012C request, serves as a companion ordinance to the Series 2012A (tax-exempt AMT) bonds. Authorized par amounts for the Series 2012C and 2012A obligations, should not be viewed on a cumulative basis, but rather as a combined par amount not to exceed \$600 million. The decision on proceeding with the issuance of taxable bonds will be depend on the structure that provides the lowest cost at the time of sale in the market.

Proceeds will be used to fund capital improvements, refund bonds and pay issuance costs associated with the transaction. Additional information on use of proceeds can be obtained under “The Series A Bonds” of the 2012A-B Bond Ordinance Request.

The Airport’s current underlying bond ratings are A1/A+/A+ respectively by Moody’s, Standard and Poor’s, and Fitch. 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 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 2012C Bonds.

** AMT bonds are tax-exempt obligations that are subject to taxation for certain higher income investors defined by Internal Revenue Service regulations. Bonds that fund governmental purpose projects, such as airfield improvements are generally not subject to AMT, while bonds issued to fund private activity projects such as terminal projects are.*

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Revised 08/16/10