

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: May 28, 2013

Please mark one: X 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 Subordinate Revenue Bonds, Series 2013A-B in an amount not to exceed \$743 million for the purpose of funding Airport capital improvements 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 authorizes the issuance of bonds to finance up to \$608 million of Airport capital projects. The 2013A-B bonds will be fixed rate subordinate lien obligations, the proceeds of which will finance various maintenance and improvement projects at Denver International Airport identified as part of the Airport’s 2013-2018 Capital Improvement Plan, including components of the South Terminal Redevelopment Plan. The final par amount will be determined around the day of pricing and is dependent on market conditions and other factors.

**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 2013A-B bonds will not exceed 30 years
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.
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.
None

(Completed by Mayor’s Office): Ordinance Request Number: Date:

To be completed by Mayor’s Legislative Team:

SIRE Tracking Number: Date Entered:



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 Subordinate Revenue Bonds, Series 2013A-B

The proposed ordinance authorizes the Manager of Finance to issue an amount of up to \$743 million Airport System Subordinate Revenue Bonds, Series 2013A-B, for the purpose of obtaining new money to fund capital improvements and pay the costs associated with the issuance of the Series 2013A-B Bonds.

Project Financing

Bond proceeds will be used to fund projects identified as part of the Airport’s 2013-2018 Capital Improvement Plan (CIP). The Airport has identified 2013 capital needs totaling \$385 million. The City is also considering financing up to \$223 million of subsequent years’ CIP projects, which would allow the City to lock in historically low interest rates in anticipation of future construction plans. The total financing could fund up to \$608 million of projects. Bond proceeds will also be used to pay capitalized interest, cost of issuance expenses, and a deposit to the debt service reserve fund.

The bonds will be issued as fixed rate, subordinate lien obligations with a term not to exceed 30 years. The subordinate lien is being used to preserve and protect the senior lien financial metrics and ratings while taking advantage of the historically low cost difference between senior and subordinate transactions.

The allocation between Series A (AMT*) and Series B (Non-AMT) is still being refined; however, the total amount of projects funded will remain the same regardless of the allocation between each series. Further detail on projects is provided under each bond series description.

The Series A Bonds (AMT)

The Series A Bonds will be subject to the Alternative Minimum Tax (AMT) with an approximate amount of \$347 million. Financed projects are expected to include fire alarm system upgrade and expansion of Concourse C.

The Series B Bonds (Non-AMT)

The Series B Bonds are not subject to the alternative minimum tax and will be issued in an approximate par amount of \$396 million. Bond proceeds will fund improvements to the Airfield and additional construction for the South Terminal Redevelopment Project among other projects and improvements.

The Airport’s current underlying senior bond ratings are A1/A+/A+ respectively by Moody’s, Standard and Poor’s, and Fitch. The Series 2013A-B as subordinate bonds will be rated differently.

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 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 with a lien only subordinate to Senior Airport System Revenue Bonds. Neither the full faith and credit, nor the taxing power of the City, will be pledged in payment of Airport System Revenue 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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