



CITY AND COUNTY OF DENVER

DENVER
THE MILE HIGH CITY

Michael B. Hancock
Mayor

DEPARTMENT OF FINANCE

BRENDAN J. HANLON
MANAGER OF FINANCE

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

November 6, 2017

Honorable Albus Brooks
Denver City Council President
City and County Building, Room 451
Denver, CO 80202

Dear Council President Brooks:

In keeping with the provisions of Section 20-93 of the Denver Revised Municipal Code (the "DRMC"), I am hereby notifying you of the Department of Finance's intent to enter into a subordinate revolving credit agreement and subordinate non-revolving credit agreement for and on behalf of the Department of Aviation, in the amounts not to exceed \$150 million and \$300 million, respectively (the "Credit Agreements"). The Credit Agreements will provide financing for short-term needs identified in the Airport's 2018-2022 Capital Improvement Plan. Any draws made under the Credit Agreements are expected to be refunded with long-term fixed rate bonds within the next three years. Any future refunding or new money bonds are subject to City Council approval.

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 Credit Agreements 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. Neither the full faith and credit, nor the taxing power of the City, will be pledged in payment of the credit agreements.

In keeping with the intent of 20-93(b) of the DRMC, the President of Council will be notified promptly of any material change. The accompanying *Attachment A* contains a more detailed description of the financing. I do not anticipate formally communicating technical changes in the financing.

Sincerely,

Brendan J. Hanlon
Chief Financial Officer, Manager of Finance

Attachment

Cc: Honorable Timothy O'Brien, Auditor
Debra Johnson, Clerk and Recorder
Debra Bartleson, City Council Liaison
Xavier DuRan, City Attorney's Office

DESCRIPTION OF THE SUBORDINATE REVOLVING CREDIT AGREEMENT AND NON-REVOLVING CREDIT AGREEMENTS

I. The Proposed Financing

The revolving and non-revolving credit agreements will be subordinate obligations authorized under the General Subordinate Bond Ordinance of the Airport, in amounts not to exceed \$150 million and \$300 million, respectively (the "Credit Agreements"). The Credit Agreements will provide short-term funding up to \$450 million for immediate capital projects needs identified in DEN's 2018-2022 Capital Improvement Plan. Draws made under either Credit Agreement will be evidenced in the form of notes, with final terms determined upon draw of funds. The City intends to refinance any notes incurred under the Credit Agreements with long-term fixed rate bonds within the next three years and any future bond refinancing would be subject to City Council approval. Interest rates payable and fees under each agreement are expected to be as follows:

	Revolving Credit Agreement with U.S Bank	Non-Revolving Credit Agreement with Bank of America
Interest Rate	Variable- based on LIBOR index	Variable- based on LIBOR index or Fixed
Interest rate spread on borrowed funds	Tax-exempt- 48 basis point Taxable- 68 basis points	Tax-exempt- 38 basis points Taxable- 69 basis points
Fees on unborrowed funds	25 basis points	Up to 25 basis points

II. Security for the Bonds

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 Credit Agreements are special obligations of the City, issued for and on behalf of the Department of Aviation. The Credit Agreements are payable solely from and secured by a subordinate lien 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 the Bonds.

III. The Sale Process

U. S Bank will serve as lender on the Revolving Credit Agreement and Bank of America will serve as lender on the non-revolving credit agreement. Both firms were selected via a competitive RFP process conducted through the Department of Finance. The City uses the financial advisory services of Frasca & Associates LLC for Airport financings.

IV. The Proposed Timetable of Events

Major events in the proposed timetable are noted below:

Date	Event
November 1, 2017	Business Committee
November 6, 2017	20-93 Notification read to Council
November 13, 2017	First Council reading of the Ordinances
November 20, 2017	Second Council reading of the Ordinances
Week of December 4, 2017	Closing

V. Counsel

Hogan & Lovells and Becker Stowe Partners serve as co-Bond Counsel on Credit Agreements. Firms were selected through a competitive process conducted through the City Attorney's Office.

VI. Other Information

I know of no event that will affect the financing as described herein. In keeping with the intent of the 20-93 of the DRMC, the President of Council will be notified promptly of any material change to the financing. I do not anticipate formally communicating technical changes of an immaterial nature or minor changes in the timetable.