

CITY AND COUNTY OF DENVER

DEPARTMENT OF FINANCE

BRENDAN J. HANLON
MANAGER OF FINANCE

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

Michael B. Hancock
Mayor

June 21, 2021

Honorable Stacie Gilmore
Denver City Council President
City and County Building, Room 451
Denver, CO 80202

Dear Council President Gilmore:

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 issue Airport System Revenue Bonds, Series 2021A-B, for an on behalf of its Department of Aviation, in the following not to exceed amounts: Series A- \$15.8 million and Series B- \$13.1 million, for the purposes of refunding series 1992F-G existing Airport bonds in order to activate a change to the Bond Reserve Requirement provision within the Airport's General Bond Ordinance. It is expected that the terms of the Series 2021A-B Bonds will remain unchanged other than a change to the bond series name (1992F-G to 2021A-B). The 2021A-B Bonds will continue to remain as senior lien obligations in a variable rate mode with the flexibility to change interest rate modes in the future. The final maturity of the 2021A-B bonds is 2031 and will not be extended.

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 2021A-B 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 2021A-B Bonds.

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
Honorable Paul D. Lopez, Clerk and Recorder
John Mahoney, City Council Liaison
Everett Martinez, City Attorney's Office (DEN)

Attachment A:

DESCRIPTION OF THE AIRPORT SYSTEM REVENUE BONDS, SERIES 2021A-B

I. The Proposed Financing

The Series 2021A-B bonds are being issued in not to exceed amounts as follows: Series A- \$15.8 million and Series B- \$13.1 million; for the purpose of refunding outstanding Series 1992F-G bonds in order to activate a change to the Bond Reserve Requirement provision within the Airport's General Bond Ordinance. This change in calculation methodology would allow for release of approximately \$113.8 million from the Bond Reserve Fund to fund a portion of existing DEN CIP needs. The Bond Reserve Requirement provision was authorized by Council in 2018 however, this change can only be implemented when no Bonds issued prior to August 1, 2000 remain outstanding. The refunding of the 1992F-G bonds is necessary to satisfy the condition referenced above. The interest rate on the Series 2021A-B Bonds is expected to remain in a variable rate mode through the expiration date of the existing term (2023). The current variable rate is set at the SIFMA index plus an applicable spread (37 basis points). The tax status designation and final maturity (2031) of the Series 2021A-B bonds will not be changed.

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 Series 2021A-B Bonds are special obligations of the City, issued for and on behalf of the Department of Aviation. The bonds are payable solely from and secured by a pledge of the Net Revenues of the Airport System. None of the properties of the Airport System are 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. The Series 2021A-B bonds will continue to remain as Senior lien obligations.

III. The Sale Process

The refunding is being done by means of a bond exchange or redemption, of existing 1992F-G airport bonds. The Series 1992F-G bonds are currently held by Bank of America (who was initially selected via a competitive process) and given that Bank of America has consented to no changes in the bond terms other than the bond designation series (1992F-G to 2021A-B), a bond sale or pricing is not required for this transaction and Bank of America will continue to hold the bonds. 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:

<i>Date</i>	<i>Event</i>
June 9, 2021	Business Committee
June 21, 2021	20-93 Notification read to Council
June 21, 2021	First Council reading of the Ordinances
June 28, 2021	Second Council reading of the Ordinances
N/A	Pricing
Week of July 12th	Closing

V. Counsel

Hogan & Lovells serves as Bond Counsel on the Series 2021A-B Bond transaction. The Firm was 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.