

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor’s Legislative Team

at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**. Contact the Mayor’s Legislative team with questions

Date of Request: July 9, 2018

Please mark one: Bill Request or Resolution Request

1. Type of Request:

- Contract/Grant Agreement Intergovernmental Agreement (IGA) Rezoning/Text Amendment
- Dedication/Vacation Appropriation/Supplemental DRMC Change

X Other:

2. Title: (Start with *approves, amends, dedicates*, etc., include name of company or contractor and indicate the type of request: grant acceptance, contract execution, contract 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 2018A-C in an amount not to exceed \$3.5 Billion for the purpose of funding Airport capital improvements, refunding airport bonds and paying costs of issuance expenses.

3. Requesting Agency: Department of Finance

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Guadalupe Gutierrez-Vasquez	Name: Guadalupe Gutierrez-Vasquez
Email: lupe.gutierrez@denvergov.org	Email: lupe.gutierrez@denvergov.org

5. General description or background of proposed request. Attach executive summary if more space needed:

The proposed ordinance supports two debt management objectives, which include securing financing to fund projects for DEN as part of its 2018-2022 Capital Improvement Plan and refunding of existing bonds to lock-in interest rates that are currently in a variable rate mode. The 2018A-C bonds will be issued as fixed rate subordinate lien obligations. The final par-amount and rate of interest will be determined on the day of pricing and is dependent on market conditions. It is expected the Series C-Taxable bonds will only be issued in lieu of Series A- AMT bonds if it is financially advantageous to do so.

6. City Attorney assigned to this request (if applicable): Everett Martinez

7. City Council District: District 11- Stacie Gilmore

8. **For all contracts, fill out and submit accompanying Key Contract Terms worksheet**

To be completed by Mayor’s Legislative Team:

Resolution/Bill Number: BR18 0775

Date Entered: _____

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property):
Bond Financing

Vendor/Contractor Name: N/A

Contract control number: N/A

Location: bond projects will be located at DEN, which is located in Council District 11

Is this a new contract? N/A Yes No Is this an Amendment? N/A Yes No If yes, how many? _____

Contract Term/Duration (for amended contracts, include existing term dates and amended dates):

Term of the Bonds will not exceed 30 years

Contract Amount (indicate existing amount, amended amount and new contract total): N/A

<i>Current Contract Amount</i> (A)	<i>Additional Funds</i> (B)	<i>Total Contract Amount</i> (A+B)
<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>

Scope of work: N/A

Was this contractor selected by competitive process?

The bonds are being sold via a negotiated process with underwriters who were competitively selected to serve part of a financing pool.

If not, why not?

Has this contractor provided these services to the City before? N/A Yes No

Source of funds: Bonds will be repaid solely by revenues/fees of the Airport

Is this contract subject to: W/MBE DBE SBE XO101 ACDBE N/A

WBE/MBE/DBE commitments (construction, design, Airport concession contracts):

MWBE/VBE firms have been allocated 20% of the transaction

Who are the subcontractors to this contract? N/A

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Date Entered: _____



CITY AND COUNTY OF DENVER

DEPARTMENT OF FINANCE

BRENDAN J. HANLON
MANAGER OF FINANCE

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

Executive Summary An Ordinance to Issue Series 2018A-C Airport System Revenue Bonds

The proposed ordinance authorizes the Manager of Finance to issue a par-amount not to exceed \$3.5 billion Airport System Subordinate Revenue Bonds, Series 2018A-C, for the purpose of funding capital projects, refunding existing Airport bonds, and paying the costs associated with the issuance of the Series 2018A-C bonds.

Use of Series 2018A-C Bond Proceeds

Project Financing

Bond proceeds will be used to fund projects identified as part of the Airport's 2018-2022 Capital Improvement Plan (CIP). The proposed financing would fund up to \$2.6 billion of projects. Major projects financed include Concourse A, B and C gate expansions and Great Hall Improvements. Bond proceeds will also be used to pay capitalized interest, cost of issuance expenses, and a deposit to the debt service reserve fund.

Refunding

If market conditions are favorable at the time of issuance, all or a portion of the Series 2007F1 and 2007F2 may be refunded and associated swaps will be terminated, to lock-in the interest rates on the bonds and achieve interest cost saving and/or reduce risks for the City. All or a portion of the Series 2017C Bonds may also be refunded to lock-in fixed interest rate for permanent financing for the projects financed by the Series 2017C Bonds.

The Series 2018A (AMT*) and Series 2018C (Taxable) Bonds

The Series 2018A Bonds will be designated as Alternative Minimum Tax (AMT*) bonds and The Series 2018C Bonds will be designated as taxable bonds. Together, the Series 2018A and 2018C Bonds will be issued in a par amount not to exceed \$3.1 billion. The **Series 2018C Bond will only be issued in lieu of the Series 2018A** bonds if at the time of pricing taxable interest rates are more economical than that of AMT bonds.

The Series 2018B (Non-AMT*) Bonds

The Series 2018B Bonds are not subject to the Alternative Minimum Tax (AMT*) and will be issued in a par amount not to exceed \$400 million.

** 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 what the IRS designates as private activity projects such as terminal projects are.*

The Series A-C 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 low-cost difference between senior and subordinate transactions.

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Revised 03/02/18

The allocation between Series A (AMT*) Series B (Non-AMT) and Series C (Taxable) is still being refined; however, the total maximum par amounts listed above will remain unchanged regardless of the allocation between each series. The final par amount and interest rate of the 2018A-C Bonds will be determined at the time of the bond pricing (to occur after City Council approval).

The Airport's current underlying subordinate bond ratings are A2/A/A respectively by Moody's, Standard and Poor's, and Fitch. The Series 2018A-C as currently being evaluated by the three major rating agencies and will expect a final rating prior to posting of the preliminary official statement, slated for 8/6/2018.

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.

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