



**DENVER**  
THE MILE HIGH CITY

**DOF on behalf of DEN**  
**Series 2016A-B Bond Refunding**  
**Discussion for:**

Business, Arts, Workforce, & Aeronautical Services Committee

October 19, 2016

FOR CITY SERVICES VISIT | CALL  
**DenverGov.org** | **311**

# DEN Organizational Structure

**City and County of Denver**  
*Mayor*  
**Michael B. Hancock**

**Department of Aviation**  
*Chief Executive Officer*  
**Kim Day**

**Responsibility Highlights:**

- *Airport management and operations*
- *Control of airport system*

**Department of Finance**  
*Chief Financial Officer*  
**Brendan J. Hanlon**

**Responsibility Highlights:**

- *Issuance of airport system bonds*
- *Plan of finance & administration of airport system debt*
- *Investment of airport system funds*

The ordinances will authorize the City's Manager of Finance/Chief Financial Officer to issue up to:

1. \$308.5 million Airport System Revenue Bonds, the proposed Series 2016A Bonds.
2. \$115 million Airport System Revenue Bonds, the proposed Series 2016B Bonds.

## Purpose

**Series 2016A Bonds** will refund currently outstanding Series 2006A, 2007B and 2007E bonds to achieve interest cost savings, estimated at \$50 million or 18% present value of refunded par.

**Series 2016B Bonds** will refund currently outstanding Series 2014A index rate floating rate bonds, which the City is required to take action on to address upcoming 12/11/16 mandatory tender date.

The refunding's are being structured within the guidelines outlined in the City's debt policy.

None of the proposed bond transactions are considered a new money financings that would add to the Airports existing debt portfolio and no new funding for projects is being sought for at this time. The bonds are solely payable from airport revenues and are not a direct obligation of the City.

- DOF and DEN actively monitor debt portfolio
- Cost benefit analyses are conducted by DEN and DOF when opportunities for refunding's are identified
  - Refunding the 2006A and 2007B/E Bonds produces a significant savings opportunity
    - 2006A Bonds were issued to refund the 1996A/D Bonds which were issued for the purpose of funding the original airport construction
    - 2007B/E Bonds were issued to fund projects related to the 2008-2013 capital program which included airfield improvements, terminal and concourse improvements, roads, parking and ground transportation improvements and other projects
    - Reduces total airport debt by decreasing interest costs
    - Reduces cost to the airlines- approximately \$0.08 to \$0.09 decrease in Cost Per Enplaned Passenger
  - Refunding of 2014A bonds deemed most effective option for addressing upcoming mandatory tender

	Series 2016A	Series 2016B
Par Amount*	\$308.5 million	\$115 million
Structure	Senior lien fixed rate bonds	Senior lien floating rate notes
Estimated Rate*	2.34%	70% of 1-M LIBOR + fixed spread
Refunding Savings*	\$50 million/ 18% NPV	N/A
Refunded Bonds	2006, 2007B, 2007E	2014A
Final Bond Maturity (will not extend maturity dates of refunded bonds)	November 2032	November 2031

\*The final rate, term and par amount will be determined on the day of pricing

**Other key Factors:**

- ✓ No New Money
- ✓ 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
- ✓ Costs associated with the transaction will be paid from the proceeds of the bond refunding
- ✓ Ratings evaluation of bonds is currently underway



# Series 2016A-B Refunding Schedule\*

	Series 2016A	Series 2016B
Submit Ordinance Request with Council	10/10/2016	
Business, Arts, Workforce and Aeronautical Services Committee	10/19/2016	
Mayor Council	10/25/2016	
Filing of Bond docs with City Council	10/26/2016	
First Reading	10/31/2016	
Second Reading	11/7/2016	
Bond Sale (pricing)	11/16/2016	12/6/2016
Closing	12/1/2016	12/31/2016

\*Tentative, subject to change